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Editors

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Preface

American Foreign Policy: Current Documents, 1989 presents the principal public foreign policy messages, addresses, statements, interviews, press briefings and conferences, and congressional testimony by the executive branch of the U.S. Government during 1989. The focus is the contemporary public expression of U.S. foreign policy. Various official publications have previously included many documents presented here, but this volume is the first instance where they have been published together in the broader context of U.S. foreign relations. Some documents, including several background briefings, are published here for the first time. A few statements issued by international organizations or made by foreign leaders are also included because of their impact on the formulation of U.S. policy.

This volume covers all major foreign policy subjects and geographical areas. Since the full public record on each major foreign affairs issue would be excessively large, the editors have selected the most important documents or portions of documents on the major issues. They have balanced the need for full documentation on the major crisis areas in U.S. foreign relations with less extensive coverage of a wide range of less critical but still significant issues. Organizing the volume chronologically by functional and geographical subjects in 15 chapters, the editors have introduced a global rather than a bilateral approach to the issues of narcotics, terrorism, human rights, and refugees. This volume includes a combined table of contents and list of documents, list of persons, and list of abbreviations. The volume concludes with a detailed subject and name index by document number.

This volume continues the Department of State series begun in 1950 with the publication of *A Decade of American Foreign Policy: Basic Documents, 1941–1949* (Senate Document 123, 81st Congress, 1st Session) and the subsequent publication in 1957 of *American Foreign Policy, 1950–1955: Basic Documents* (2 vols., Department of State Publication 6446). Annual volumes entitled *American Foreign Policy: Current Documents* were issued for the years 1956–1967. After an interruption, the Department resumed the series in 1983 with the publication of *American Foreign Policy: Basic Documents, 1977–1980*. In 1984 it revived the annual volumes with the publication of *American Foreign Policy: Current Documents, 1981*, and subsequently published annual volumes for 1982 through 1988. The Department also published a revised edition of *A Decade of American Foreign Policy: Basic Documents, 1941–1949* in 1985.

The Microfiche Supplement

A microfiche supplement to this volume is being released separately. It reproduces transcripts of important series of 1989 documents: Department of State and White House on-the-record and background press briefings, the Department of State daily press briefings and posted statements, and the texts of treaties signed by the United States and foreign governments in 1989. The complete series of press briefings in the microfiche publication contains the full texts of many briefings published as extracts in the printed volume, and illustrates the range of foreign affairs issues discussed at news briefings by the Department of State and the White House.

Compiling and Editorial Principles

Preparation of this volume required a systematic review of all major governmental documentary sources. These sources included documentary collections from the Offices of the President's Press Secretary and the Vice President's Press Secretary; the Department of State Office of Press Relations as well as numerous other offices and bureaus of the Department; the Historical Office of the Office of the Secretary of Defense; the Offices of Public Affairs of the Agency for International Development, Arms Control and Disarmament Agency, U.S. Information Agency, U.S. Trade Representative, and the Departments of Agriculture, Commerce, and the Treasury; and the staffs of the various foreign affairs committees of the Congress.

The source texts of press releases, statements, and speeches are the published texts from *Weekly Compilation of Presidential Documents*, Department of State *Bulletin*, and other publications. Unpublished transcripts are the source for texts not already in print.

Except for silent editing of obvious spelling errors, the editors have not altered the source texts. Footnotes and ellipses that appear in the source text are preserved and identified. Brackets in the source text (except for definitions of acronyms or identification of people added by previous editors of published source texts) are annotated only when necessary for the sake of clarity; bracketed insertions such as "applause" or "laughter," for example, are not noted. The editors have inserted bracketed words or phrases on occasion to clarify or correct confusing language in the source text.

If more than the brief opening or concluding remarks or the names of participants in background briefings are omitted, the editors have labeled the document an "extract." Ellipses of three periods identify the omitted portions in cases involving less than one paragraph; ellipses of seven points identify omissions of an entire paragraph or more. The omissions are solely matters of editorial judgment to exclude unrelated documentation and to conserve space.

The first footnote to each document identifies the source text. Other footnotes explain references in the text and provide cross-references to other documents in the volume or in previous volumes in the *American Foreign Policy* series. Where important information derived from a published or unpublished, unclassified source is provided in a footnote, the source is given.

Citations in source footnotes reflect the special nature of the sources used in preparing the volume. Department of State Daily Press Briefings, numbered press releases, and the public statements of the Secretary of Defense are cited in the source notes because they are preserved intact as a series and later deposited in bound volumes or on microfiche in selected libraries. Unpublished documents are generally identified only by agency of origin, such as Department of Defense files, Department of the Treasury files, or Department of State files. More specific permanent file provenance designations are generally not possible for such contemporary documents.

Compilers and Editors

Coeditors Sherrill B. Wells and Nancy L. Golden planned and directed the compilation and substantive review of this volume. The entire professional staff of the Office of the Historian contributed to the compilation of the text. The compilers of each part were as follows: Chapters 1 and 2, John P. Glennon; Chapters 3 and 4, David S. Patterson; Chapter 5, William F. Sanford, Jr. and Ms. Golden; Chapter 6, Neal O'Loughlin; Chapter 7, Mr. Glennon; Chapter 8, David H. Herschler and Ms. Wells; Chapter 9, Mr. O'Loughlin; Chapter 10, Edward C. Keefer, David W. Mabon, James E. Miller, Charles S. Sampson, and Louis J. Smith; Chapter 11, Evan M. Duncan and Nina J. Noring; Chapter 12, Paul Claussen; Chapter 13, Messrs. Keefer and Mabon and Harriet D. Schwar; Chapter 14, Nina D. Howland and Gabrielle S. Mallon; and Chapter 15, Evans Gerakas, Ms. Golden, Ms. Wells, and Stanley Mortensen. Senior staff members Messrs. Claussen, Glennon, Mabon, Ms. Noring, Messrs. Patterson and Sampson assisted the editors in the review of the text. Neal R. Orlando and Tanya R. Wiley provided research and clerical assistance.

Althea W. Robinson performed the technical editing of the volume under the supervision of Rita M. Baker. Max Franke compiled the index.

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List of Abbreviations

ABM	antiballistic missile
ACDA	Arms Control and Disarmament Agency
ACHA	Accion Chilena Anticomunista (Chilean Anticommunist Action)
ADF	African Development Foundation
AFP	armed forces of the Philippines
AID	Agency for International Development
AIDS	acquired immune deficiency syndrome
ALCM	air-launched cruise missile
ANC	African National Congress (South Africa)
ANWR	Arctic National Wildlife Refuge
ANZUS	Australia, New Zealand, United States
AOJ	administration of justice
APEC	Asia Pacific Economic Cooperation
ARENA	Alianza Republicana Nacionalista (National Republican Alliance) (El Salvador)
ASAT	antisatellite
ASEAN	Association of Southeast Asian Nations
ATA	Anti-terrorism Assistance Program
AUSSAT	Australian Domestic Communications Satellite
AVC	Alfaro Vive Carajo! ("Alfaro Lives" Group) (Ecuador)
AWACS	airborne warning and control system
BU	Boston University
BIAC	Business and Industry Advisory Council [to Organization for Economic Cooperation and Development]
CAI	Central American Democracy, Peace and Development Initiative
CAIG	cost analysis improvement group
CAPS	Central American Peace Scholarships
CAPS	Conventional Armaments Planning System
CARE	Cooperative for American Relief Everywhere
CARICOM	Caribbean Community and Common Market
CATCO	Caribbean Agricultural Trading Company
CBI	Caribbean Basin Initiative
CD	Conference on Disarmament
CDE	Conference on Disarmament in Europe
CDI	conventional defense improvements
CDIP	Combined Defense Improvements Projects
CFC	Combined Forces Command (United States–Republic of Korea)
CFE	Conventional Forces in Europe
CG	consultative group
CGCED	Caribbean Group for Cooperation in Economic Development
CIAV	Comision Internacional de Apoyo y Verificacion (International Support and Verification Commission) (Nicaragua)
CICAD	Comision Interamericana Para el Control y Abuso de Drogas (Inter-American Committee for the Control of Drugs and Drug Abuse) (Organization of American States)
CIREFCA	Conferencia Internacional Sobre Refugiados Centroamericanos (International Conference on Central American Refugees)
CITIES	Convention on International Trade in Endangered Species
CLO	Community Liaison Office
CNG	Conseil National de Gouvernement (National Council of Government) (Haiti)
COCOM	Coordinating Committee on Export Controls
CPA	comprehensive plan of action
CSBM	confidence- and security-building measures

CSCE	Conference on Security and Cooperation in Europe
CSE	consumer subsidy equivalent
CSIS	Center for Strategic and International Studies
Codel	Congressional Delegation
DA	development assistance
DEA	Drug Enforcement Agency
DFA	Development Fund for Africa
DISERO	Disembarkation Resettlement Offers Program
DOD	Department of Defense
DOSTN	Department of State Telecommunications Network
DPRK	Democratic People's Republic of Korea
DTA	Democratic Turnhalle Alliance (Namibia)
DUP	Democratic Unionist Party (Sudan)
EAP	Bureau of East Asian and Pacific Affairs, Department of State
EC	European Community
EC–92	European Community (plan for a Single Market by) 1992
ECA	export credit arrangements
ECE	United Nations Economic Commission for Europe
ECMT	European Conference of Ministers of Transport
ECU	European currency unit
EEP	export enhancement program
EEZ	Exclusive Economic Zone
EFTA	European Free Trade Association
EPA	Environmental Protection Agency
EPLF	Eritrean People's Liberation Front (Ethiopia)
ESAF	Enhanced Structural Adjustment Facility (International Monetary Fund)
ESF	Economic Support Fund
EUR	Bureau of European and Canadian Affairs, Department of State
EURATOM	European Atomic Energy Community
Eximbank	Export-Import Bank
FAA	Federal Aviation Administration
FARC	Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia)
FBI	Federal Bureau of Investigation
FDA	Food and Drug Administration
FMLN	[Frente] Farabundo Marti para la Liberacion Nacional (Farabundo Marti National Liberation [Front]) (El Salvador)
FMS	foreign military sales
FMSF	foreign military sales financing
FOIA	Freedom of Information Act
FRG	Federal Republic of Germany
FSLN	Frente Sandinista de Liberacion Nacional (Sandinista National Liberation Front) (Nicaragua)
FSM	Federated States of Micronesia
FSX	Support Fighter Experimental
FTUI	Free Trade Union Institute, National Endowment for Democracy
FY	fiscal year
G–7	Group of Seven nations (United States, Japan, Federal Republic of Germany, France, United Kingdom, Italy, and Canada) that meet at the annual Economic Summits
GAO	General Accounting Office
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GDR	German Democratic Republic
GNP	gross national product
GOM	Government of Malaysia
GPRA	Government of the People's Republic of Angola
GSP	generalized system of preferences
H.R.	House Resolution
IAEA	International Atomic Energy Agency

IBRD	International Bank for Reconstruction and Development (World Bank)
ICAO	International Civil Aviation Organization
ICBM	intercontinental ballistic missile
ICITAP	International Criminal Investigative Training Assistance Program
ICM	Intergovernmental Committee for Migration
ICM	International Control Mechanism
ICRC	International Committee of the Red Cross
ICSOC	International Convention and Scientific Organization Contributions (United Nations)
ICSU	International Council of Scientific Union
IDA	International Development Association
IDB	Inter-American Development Bank
IDEC	International Drug Enforcement Conference
IEA	International Energy Agency
IFAD	International Fund for Agricultural Development
IGBP	International Geosphere-Biosphere Program
IIE	Institute for International Education
ILANUD	Instituto Latinoamericano de las Naciones Unidas para la Prevencion del Delito y Tratamiento del Delincuente (United Nations Latin American Institute for the Prevention of Crime and Treatment of Offenders)
IMET	International Military Education and Training Program
IMF	International Monetary Fund
IMO	International Maritime Organization
INCSR	International Narcotics Control Strategy Report
INF	intermediate-range nuclear forces
INFCIRC	information circular
INM	Bureau for International Narcotics Matters, Department of State
INMARSAT	International Maritime Satellite
INTELSAT	International Telecommunication Satellite Organization
IO&P	International Organization and Programs
IOC	International Ocean Commission
IPCC	Intergovernmental Panel on Climate Change
IPKF	International Peacekeeping Force
IPS	Investment Promotion Office
ITU	International Telecommunication Union
JCS	Joint Chiefs of Staff
JRP	Joint Distribution Program (Ethiopia)
JUSMAG	Joint U.S. Military Assistance Group
KR	Khmer Rouge (Cambodia)
KCIA	Korean Central Intelligence Agency (Republic of Korea)
KGB	Komitet Gosudarstvennyi Bezopasnosti (Committee for State Security) (Soviet Union)
LAC	Latin America and the Caribbean
LDC	less developed country
LPDR	Lao People's Democratic Republic
MAI	multilateral assistance initiative
MAP	military assistance program
MDB	Mutual Defense Board (United States–Philippines)
MDBs	multilateral development banks
MIA	missing-in-action
MIRV	multiple independently targetable reentry vehicle
MIS	management information systems
MITI	Ministry of International Trade and Industry (Japan)
MOA	memorandum of agreement
MOU	memorandum of understanding
MPLA	Movimento Popular de Libertacao de Angola (Popular Movement for the Liberation of Angola)
MT	metric ton
MTCR	missile technology control regime

MTN	multilateral trade negotiations
MX	missile experimental
NASA	National Aeronautics and Space Administration
NATO	North Atlantic Treaty Organization
NCR	non-Communist resistance (Cambodia)
NDI	National Democratic Institute for International Affairs
NEA	Nuclear Energy Agency
NED	National Endowment for Democracy
NGO	nongovernmental organization
NIC	newly industrialized country
NIE	newly industrialized economy
NIF	National Islamic Front (Sudan)
NLD	National League for Democracy
NNICC	National Narcotics Intelligence Consumer Committee
NPA	New People's Army (Philippines)
NPG	Nuclear Planning Group
NPT	Non-Proliferation Treaty
NRA	National Resistance Army (Uganda)
NSC	National Security Council
NST	nuclear and space talks
NTT	nuclear testing talks
O&M	operations and maintenance
OAS	Organization of American States
OAU	Organization of African Unity
ODA	official development assistance
ODP	Orderly Departure Program
OE	operating expenses
OEA	Organizacion de Estados Americanos (Organization of American States)
OECD	Organization for Economic Cooperation and Development
OES	Bureau of Oceans and International Environmental and Scientific Affairs, Department of State
OMB	Office of Management and Budget
ONUCA	United Nations Observer Group in Central America (Inter-American)
ONUVEN	United Nations Observer Mission for Verification of Elections in Nicaragua
OPBAT	Operation Bahamas and Turks and Caicos
OPCON	Operational Control
OPEC	Organization of Petroleum Exporting Countries
OPEX	U.S.-Liberia Economic Stabilization Program
OPIC	Overseas Private Investment Corporation
ORT	oral rehydration therapy
PDF	Panamanian Defense Forces
PECC	Pacific Economic Cooperation Conference
PL	public law
PLA	People's Liberation Army (China)
PLO	Palestine Liberation Organization
PNET	Peaceful Nuclear Explosions Treaty
PNG	Papua New Guinea
POLISARIO	(Frente) Popular para la Liberación de Saguia el-Hamra y Río de Oro (Popular Front for the Liberation of the Saguia el Hamra and Río de Oro) (Western Sahara)
POW	prisoner of war
PRC	People's Republic of China
PSE	producer subsidy equivalent
PTG	guided missile patrol boat
PTIIC	Presidential Training Initiative for the Island Caribbean
PVO	private voluntary organization
R&D	research and development
RASRO	Rescue-at-Sea Resettlement Offers Program

RD&D	research, development, and dissemination
RENAMO	Resistencia Nacional Mocambicana (Mozambican National Resistance)
RMI	Republic of the Marshall Islands
ROK	Republic of Korea
RP	Bureau of Refugee Affairs, Department of State
RRC	Relief and Rehabilitation Commission (Ethiopia)
S.J. Res.	Senate Joint Resolution
S/P	Policy Planning Staff, Department of State
SACEUR	Supreme Allied Commander, Europe
SADCC	Southern African Development Coordination Conference
SALT	strategic arms limitation talks
SBI	spaced-based interceptor
SCC	Standing Consultative Commission
SCP	Special Consulate Program
SDI	Strategic Defense Initiative
SDIO	Strategic Defense Initiative Organization
SEAL	Sea, Air, Land Capability (U.S. Navy)
SEP	Special Embassy Program
SII	Structural Impediments Initiative
SLCM	submarine-launched cruise missile
SLORC	State Law and Order Restoration Council
SNF	short-range nuclear forces
SNM	Somali National Movement
SPLA	Sudanese People's Liberation Army
SPR	strategic petroleum reserve
START	strategic arms reduction talks
SWAPLO	South West African Police
SWAPO	South West Africa People's Organization
SWC	Special Warfare Command (Republic of Korea)
Stat.	United States Statutes at Large
TAZARA	Tanzania Zambia Railway Authority
TCIP	Trade Credit Insurance Program
TMC	Transitional Military Command (Sudan)
TTBT	Threshold Test Ban Treaty
TWEA	Trading with the Enemy Act
UK	United Kingdom
UN	United Nations
UNAVEM	United Nations Angola Verification Mission
UNCDF	United Nations Capital Development Fund
UNDFEM	United Nations Development Fund for Women
UNDP	United Nations Development Program
UNEP	United Nations Environmental Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNETPSA	United Nations Educational and Training Program for Southern Africa
UNFDAC	United Nations Fund for Drug Abuse Control
UNFP	United Nations Fellowship Program
UNGA	United Nations General Assembly
UNHCR	United Nations High Commission for Refugees
UNHRC	United Nations Human Rights Commission
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNITA	Uniao Nacional para a Independencia Total de Angola (National Union for the Total Independence of Angola)
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolution
UNTAG	United Nations Transition Assistance Group (for Namibia)
UNTFSA	United Nations Trust Fund for Southern Africa
UNVFVT	United Nations Voluntary Fund for Victims of Torture
US	United States

USAID	United States Agency for International Development
USC	United States Code
USCINCPAC	United States Commander in Chief, Pacific
USG	United States Government
USIA	United States Information Agency
USIS	United States Information Service
USSR	Union of Soviet Socialist Republics
UST	United States Treaties and Other International Agreements
USTR	United States Trade Representative
VOA	Voice of America
WFP	world food program
WHO	World Health Organization (United Nations)
WIPP	waste isolation pilot plant (Department of Energy)
WMO	World Meteorological Organization
WTO	Warsaw Treaty Organization

List of Names

Abshire, David M., Director, Center for Strategic and International Studies
Acland, Sir Anthony, British Ambassador to the United States
Adams, Alvin P., Jr., Associate Coordinator for Counter-Terrorism, Department of State, to October 1989; Ambassador to Haiti from December 8, 1989
Adelman, Carol C., Assistant Administrator, Bureau for Asia and Near East, Agency for International Development
Ahtisaari, Martti, Special Representative of the Secretary-General of the United Nations for Namibia
Ajibola, Prince Bola, Nigerian Attorney General and Minister of Justice
Akihito, Emperor of Japan from January 6, 1989
Alfonsín, Raul, President of Argentina to July 8, 1989
Allgeier, Peter F., Assistant U.S. Trade Representative for Asia and the Pacific to August 1989; thereafter, Assistant U.S. Trade Representative for Europe and the Mediterranean
Aquino, Corazon C., President of the Philippines
Arafat, Yasir, Chairman of the Palestine Liberation Organization
Arens, Moshe, Israeli Foreign Minister
Argaña, Luis Maria, Paraguayan Foreign Minister from February 3, 1989
Arias Calderón, Ricardo, First Vice President of Panama from December 20, 1989
Arias Sanchez, Oscar, President of Costa Rica
Armacost, Michael H., Under Secretary of State for Political Affairs to March 2, 1989; Ambassador to Japan from April 20, 1989
Aronson, Bernard, Assistant Secretary of State for Inter-American Affairs from June 16, 1989
Aspe Armella, Pedro, Mexican Minister of Finance and Public Credit
Aspin, Rep. Les (D–WI)
Assad, Lt. Gen. Hafiz al-, President of Syria
Atwood, Donald J., Deputy Secretary of Defense from March 1989
Aung San Suu Kyi, Coleader of the National League for Democracy (Burma)
Aylwin Azocar, Patricio, President-elect of Chile from December 14, 1989
Azcona Hoyo, José Simon, President of Honduras

Baena Soares, João Clemente, Secretary General of the Organization of American States
Baker, James A., III, Secretary of State from January 25, 1989
Barco Vargas, Virgilio, President of Colombia
Barrios Tassano, Luis, Uruguayan Foreign Minister
Bartholomew, Reginald, Ambassador to Spain to March 12, 1989; Under Secretary of State for Security Assistance, Science and Technology from April 20, 1989
Barton, Rep. Joe (R–TX)
Basdeo, Sahadeo, Minister of External Affairs and International Marketing of Trinidad and Tobago
Ben Ali, Zine El Abidine, President of Tunisia
Bendjedid, Col. Chadli, President of Algeria
Bennett, William J., Director of the Office of National Drug Control Policy from March 13, 1989
Bentsen, Sen. Lloyd (D–TX)
Berhanu Bayih, Ethiopian Foreign Minister to November 8, 1989
Bessmertnykh, Aleksandr A., Soviet First Deputy Foreign Minister
Bhutto, Benazir, Prime Minister of Pakistan
Biden, Sen. Joseph R., Jr. (D–DE)
Bolton, John R., Assistant Secretary of State for International Organization Affairs from May 22, 1989
Bonior, Rep. David E. (D–MI)
Boren, Sen. David L. (D–OK)

Botha, Pieter Willem, State President of South Africa to August 15, 1989
Botha, Roelof F., South African Foreign Minister
Boucher, Richard A., Department of State Deputy Spokesman from March 27, 1989
Bradley, Sen. Bill (D–NJ)
Brady, Nicholas F., Secretary of the Treasury
Bremer, L. Paul, III, Ambassador at Large for Counter-Terrorism to May 25, 1989
Bromley, D. Allan, Science Adviser to the President and Director of the Office of Science and Technology Policy from August 4, 1989
Brown, Kenneth L., Deputy Assistant Secretary of State for African Affairs to October 1989; Ambassador to Côte d'Ivoire from November 22, 1989
Burleigh, A. Peter, Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs to July 29, 1989; Principal Deputy Assistant Secretary of State for Intelligence and Research from July 30, 1989
Burns, Maj. Gen. William, USA (Ret.), Director of the Arms Control and Disarmament Agency to March 15, 1989
Burt, Richard R., Ambassador to the Federal Republic of Germany to February 17, 1989; Head of the U.S. Delegation to the Negotiations on Nuclear and Space Arms from June 19, 1989
Busby, Morris D., Special Envoy for Central America to April 1989; Coordinator for Counter-Terrorism, Department of State, from May1, 1989
Bush, George, Vice President of the United States until January 20, 1989; thereafter President
Buyoya, Maj. Pierre, President of Burundi
Byrd, Sen. Robert C. (D–WV)
Byrne, Patricia M., Deputy Representative on the the United Nations Security Council to June 1989

Camdessus, Michel, Managing Director and Chairman of the Executive Board, International Monetary Fund
Castro Ruz, Fidel, Prime Minister of Cuba
Catto, Henry E., Ambassador to the United Kingdom from May 17, 1989
Cavazos, Lauro F., Secretary of Education
Ceauşescu, Nicolae, President of Romania to December 25, 1989
Cerezo Arévalo, Vinicio, President of Guatemala
Cheney, Richard B., Secretary of Defense from March 21, 1989
Clark, Charles Joseph, Canadian Secretary for State for External Affairs
Clark, Warren, Jr., Ambassador to Gabon and to Sao Tomé and Principe to August 24, 1989; thereafter Deputy Assistant Secretary of State for African Affairs
Clark, William, Jr., Principal Deputy Assistant Secretary of State for East Asian and Pacific Affairs to August 1989; Ambassador to India from December 22, 1989
Clarke, Richard A., Deputy Assistant Secretary of State for Regional Analysis, Bureau of Intelligence and Research, to August 7, 1989; Assistant Secretary of State for Politico-Military Affairs from August 8, 1989
Cleveland, Paul M., Ambassador to New Zealand and Western Samoa to April 28, 1989; Ambassador to Malaysia from November 8, 1989
Coelho, Rep. Tony (D–CA)
Cohen, Herman J., Assistant Secretary of State for African Affairs from May 12, 1989
Coleman, Rep. Ronald D. (D–TX)
Collor de Mello, Fernando, President-elect of Brazil from December 17, 1989
Conable, Barber B., President, International Bank for Reconstruction and Development (World Bank)
Cooper, B. Jay, Special Assistant to the President and Deputy Press Secretary to January 23, 1989; thereafter Deputy Assistant to the President and Deputy Press Secretary
Cooper, Henry F., Defense and Space Negotiator, Delegation to the Negotiations on Nuclear and Space Arms, to October 1989
Cordovez, Diego, Ecuadorean Foreign Minister and Personal Representative of the Secretary-General of the United Nations for Afghanistan Negotiations
Cranston, Sen. Alan (D–CA)
Cristiani Buckard, Alfredo, President of El Salvador from June 1, 1989
Crocker, Chester A., Assistant Secretary of State for African Affairs to April 21, 1989
Crockett, Rep. George W., Jr. (D–MI)

Crowe, Admiral William J., Jr., Chairman of the Joint Chiefs of Staff to September 30, 1989

Danforth, Sen. John C. (R–MO)
Darman, Richard G., Director of the Office of Management and Budget from January 27, 1989
De Klerk, F. W., Acting State President of South Africa, August 15–September 20, 1989; thereafter State President
De Grieff, Monica, Colombian Justice Minister to September 21, 1989
De la Garza, Rep. E. (Kika) (D–TX)
De la Sotta, Jaime, Chilean Agriculture Minister to June 5, 1989
De Mita, Ciriaco, Prime Minister of Italy to July 23, 1989
De Vos, Peter Jon, Deputy Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs
Delors, Jacques, President of the European Communities Commission
Deng Xiaoping, Chairman, Chinese State Central Military Commission; Chairman, Chinese Communist Party Central Military Commission, to November 9, 1989
Derwinski, Edward J., Under Secretary of State for Security Assistance, Science and Technology to January 21, 1989; Secretary of Veterans Affairs from March 15, 1989
Dickinson, Rep. William L. (R–AL)
Dingell, Rep. John D. (D–MI)
Diouf, Abdou, President of Senegal
Dixon, Sen. Alan J. (D–IL)
Dobriansky, Paula J., Deputy Assistant Secretary of State for Human Rights and Humanitarian Affairs to August 1989; thereafter Deputy Assistant Secretary of State for Bilateral/Multilateral Affairs, Bureau of Human Rights and Humanitarian Affairs
Dodd, Sen. Christopher J. (R–CT)
Doe, Gen. Samuel K., President of Liberia
Dole, Elizabeth, Secretary of Labor from January 25, 1989
Dole, Sen. Robert (R–KS)
Duarte Fuentes, José Napoleon, President of EL Salvador to June 1, 1989
Dumas, Roland, French Foreign Minister
Dymally, Rep. Mervyn M. (D–CA)

Eagleburger, Lawrence S., Deputy Secretary of State from March 20, 1989
Edelman, Mark L., Assistant Administrator for Africa, Agency for International Development, to May 1989; Deputy Administrator from June 1989; Acting Administrator from June 29, 1989
Edwards, Rep. Don (D–CA)
Endara, Guillermo, President of Panama from December 20, 1989
Errazuriz, Hernan Felipe, Chilean Foreign Minister
Evans, Gareth, Australian Minister for Foreign Affairs and Trade
Exon, Sen. J. James (D–NE)

Farrand, Robert W., Deputy Assistant Secretary of State for Human Rights and Humanitarian Affairs to August 1989
Fascell, Rep. Dante B. (D–FL)
Fitzwater, M. Marlin, Assistant to the President for Press Relations to January 23, 1989; thereafter Assistant to the President and Press Secretary
Foley, Rep. Thomas S. (D–WA)
Ford, Guillermo, Vice President of Panama from December 20, 1989
Freeman, Charles W., Jr., Deputy Assistant Secretary of State for African Affairs to May 1989
Friedersdorf, Max L., Representative to the Conference on Disarmament
Funseth, Robert L., Senior Deputy Assistant Secretary of State for Refugee Programs

Garang, John, Leader of the Sudanese People's Liberation Army
Gelb, Bruce S., Director, U.S. Information Agency, from April 14, 1989
Genscher, Hans-Dietrich, West German Foreign Minister

Gershman, Carl, President of the National Endowment for Democracy
Gibbons, Rep. Sam (D–FL)
Gnehm, Edward W., Jr., Deputy Assistant Secretary of Defense for International Security Affairs for Near East and South Asian Affairs to August 1989; thereafter Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs
González Márquez, Felipe, Prime Minister of Spain
Gorbachev, Mikhail Sergeyevich, General Secretary of the Central Committee of the Communist Party of the Soviet Union; also, Chairman of the Presidium of the U.S.S.R. Supreme Soviet to May 25, 1989; thereafter Chairman of the U.S.S.R. Supreme Soviet
Gramm, Sen. Phil (R–TX)

Hamilton, Rep. Lee H. (D–IN)
Hannibalsson, Jon Baldvin, Icelandic Foreign Minister
Hare, Paul J., Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs to June 1989
Hassan II, King of Morocco
Haughey, Charles, Prime Minister of Ireland
Havel, Vaclav, President of Czechoslovakia from December 29, 1989
Hawke, Robert, Prime Minister of Australia
Helms, Sen. Jesse (R–NC)
Higgins, Lt. Col. William R., USMC, Chief of the Lebanon Observer Group, United Nations Truce Supervision Organization, to July 31, 1989
Hills, Carla A., Trade Representative from February 6, 1989
Hirohito, Emperor of Japan to January 6, 1989
Hocké, Jean-Pierre, United Nations High Commissioner for Refugees to October 26, 1989
Holmes, Bradley P., Coordinator and Director of International Communications and Information Policy, Department of State, from November 22, 1989
Holmes, H. Allen, Assistant Secretary of State for Politico-Military Affairs to August 8, 1989; Ambassador at Large for Burden-Sharing from October 11, 1989
Hraoui, Elias, President of Lebanon from November 24, 1989
Humphrey, Sen. Gordon J. (R–NH)
Hun Sen, Prime Minister of Cambodia
Hurd, Douglas, British Foreign Minister from October 26, 1989
Hussein I, King of Jordan

Iacovou, George, Cypriot Foreign Minister
Iglesias, Enrique V., President of the Inter-American Development Bank
Iliescu, Ion, Interim President of Romania from December 26, 1989
Inouye, Sen. Daniel K. (D–HI)
Iturbe de Blanco, Eglée, Venezuelan Finance Minister from February 2, 1989

Jaruzelski, Gen. Wojciech, Chairman of Polish Council of State to July 19, 1989; thereafter President of Poland; First Secretary, Central Committee, Polish United Workers' Party, to July 29, 1989
Jawara, Sir Dawda Kairaba, President of The Gambia
Johnston, Sen. J. Bennett (D–LA)
Juan Carlos I, King of Spain

Kaifu, Toshiki, Prime Minister of Japan from August 9, 1989
Kamman, Curtis W., Deputy Assistant Secretary of State for Intelligence and Research to July 1989; thereafter Deputy Assistant Secretary of State for European Affairs
Kasten, Sen. Robert W., Jr. (R–WI)
Kaunda, Kenneth D., President of Zambia
Kelly, John H., Deputy Director of the Policy Planning Staff, Department of State, to February 1989; Assistant Secretary of State for Near Eastern and South Asian Affairs from June 16, 1989
Kemp, Rep. Jack, Secretary of Housing and Urban Development from February 13, 1989
Kennedy, Sen. Edward M. (D–MA)

Khomeini, Ayatollah Ruhollah Mussavi, Religious Leader of Iran to June 3, 1989
Kimmitt, Robert M., Under Secretary of State for Political Affairs from March 2, 1989
Kohl, Helmut, Chancellor of West Germany
Kozak, Michael G., Principal Deputy Assistant Secretary of State for Inter-American Affairs
Krys, Sheldon J., Assistant Secretary of State for Diplomatic Security from August 9, 1989

Lambertson, David F., Deputy Assistant Secretary of State for East Asian and Pacific Affairs
Lantos, Rep. Tom (D–CA)
Leahy, Sen. Patrick J. (D–VT)
Ledsky, Nelson C., Special Coordinator for Cyprus, Department of State, from June 1989
Lehman, Ronald F., II, Director of the Arms Control and Disarmament Agency from May 12, 1989
Leland, Rep. Mickey (D–TX) until his death on August 7, 1989
Lent, Rep. Norman F. (R–NY)
Levin, Burton, Ambassador to Burma
Levitsky, Melvyn, Special Assistant to the Secretary of State and Executive Secretary of the Department of State to March 1989; Assistant Secretary of State for International Narcotics Matters from June 13, 1989
Li Peng, Premier of the Chinese State Council
Lilley, James R., Ambassador to South Korea to January 3, 1989; Ambassador to China from May 8, 1989
Londono Paredes, Col. Julio, Colombian Foreign Minister
Lugar, Sen. Richard G. (R–IN)
Lujan, Manuel, Jr., Secretary of the Interior from February 2, 1989
Lyman, Princeton N., Ambassador to Nigeria to July 24, 1989; Director of the Bureau for Refugee Programs, Department of State, from September 5, 1989

MacArthur, A. Gordon, Counselor, United States Mission to the United Nations
Mahathir bin Mohamad, Dr., Prime Minister of Malaysia
Markovic, Ante, Prime Minister-designate of Yugoslavia, January 19–March 16, 1989; thereafter Prime Minister
Marshall, C. Russell, New Zealand Foreign Minister
Matlock, Jack F., Jr., Ambassador to the Soviet Union
Maung Maung Khin, Rear Adm., Burmese Minister for Energy
Mayor Zaragoza, Federico, Director General of the United Nations Educational, Scientific and Cultural Organization
Mazowiecki, Tadeusz, Prime Minister of Poland from August 24, 1989
McCarthy, John T., Ambassador to Lebanon from November 19, 1989
McCormack, Richard T., Permanent Representative to the Organization of American States to April 13, 1989; Under Secretary of State for Economic and Agricultural Affairs from April 14, 1989
McLennan, Juliette C., Representative to the United Nations Commission on the Status of Women
McNary, Gene, Commissioner of Immigration and Naturalization Service, Department of Justice, from October 26, 1989
Meguid, Ahmed Esmat Abdel, Deputy Prime Minister and Foreign Minister of Egypt
Melton, Richard H., Deputy Assistant Secretary of State for Inter-American Affairs to October 1989; Ambassador to Brazil from December 12, 1989
Menem, Carlos Saul, President of Argentina from July 8, 1989
Mengistu Haile-Mariam, Lt. Col., President of Ethiopia; General Secretary of the Workers' Party of Ethiopia
Meyers, Marilyn, Deputy Assistant Secretary of State for East Asian and Pacific Affairs from September 18, 1989
Michel, Rep. Robert H. (R–IL)
Mikulski, Sen. Barbara A. (D–MD)
Mitchell, Sen. George J. (D–ME)

Mitsuzuka, Hiroshi, Japanese Minister of International Trade and Industry to June 3, 1989; Foreign Minister, June 3–August 9, 1989
Mitterrand, François, President of France
Moawad, René, President of Lebanon, November 5–22, 1989
Mobutu Sese Seko, Marshal, President of Zaire; State Commissioner for National Defense and Territorial Security
Modrow, Hans, Prime Minister of East Germany from November 13, 1989
Moi, Daniel T. arap, President of Kenya
Moiseyev, Gen. Mikhail A., Chief of the General Staff, Armed Forces of the Soviet Union
Mojaddedi, Sibghatullah, President of the Interim Government of Afghanistan from February 23, 1989
Monjo, John C., Ambassador to Malaysia to April 22, 1989; Ambassador to Indonesia from May 31, 1989
Moore, Jonathan, Ambassador at Large and Coordinator for Refugee Affairs to June 22, 1989; Alternate Representative to the United Nations for Special Political Affairs from August 8, 1989
Moorhead, Rep. Carlos J. (R–CA)
Morrison, Rep. Bruce A. (D–CT)
Mosbacher, Robert A., Secretary of Commerce from February 8, 1989
Mubarak, Mohammed Hosni, President of Egypt
Mulford, David C., Assistant Secretary of the Treasury for International Affairs to May 23, 1989; thereafter Under Secretary of the Treasury for International Affairs
Mulroney, Brian, Prime Minister of Canada
Murphy, Richard W., Assistant Secretary of State for Near Eastern and South Asian Affairs to January 31, 1989
Museveni, Yoweri, President of Uganda

Najib (formerly Najibullah), Maj. Gen. Sayid Mohammad, General Secretary of the People's Democratic Party of Afghanistan; President of Afghanistan
Nazarkin, Yuri K., Head of the Soviet Delegation to Negotiations on Nuclear and Space Arms from June 19, 1989
Negroponte, John D., Deputy Assistant to the President for National Security Affairs to January 1989; Ambassador to Mexico from July 3, 1989
Nickles, Sen. Don (R–OK)
Nimeiri, Gaafar Mohamed, President of Sudan, Prime Minister, and Defense Minister
Noriega Morena, Gen. Manuel Antonio, Commander of the Panamanian Defense Forces to December 20, 1989
Nunn, Sen. Sam (D–GA)
Nygard, Richard C., Counselor, United States Mission to the United Nations, to July 15, 1989

O'Brien, Terence, New Zealand Assistant Foreign Minister
Oakley, Phyllis E., Deputy Assistant Secretary of State for Public Affairs and Department of State Deputy Spokesman to March 26, 1989
Obey, Rep. David R. (D–WI)
Okun, Herbert S., Deputy Permanent Representative to the United Nations to August 1989
Olechowski, Tadeusz, Polish Foreign Minister to September 12, 1989
Ortega Saavedra, Cdte. Daniel, President of Nicaragua
Owens, Rep. Wayne (D–UT)
Özal, Turgut, Prime Minister of Turkey to November 8, 1989; thereafter President

Palencia Lainfiesta, Mario, Guatemalan Foreign Minister from May 15 to October 1989
Papandreou, Andreas, Prime Minister of Greece to July 2, 1989
Papoulias, Karolos, Greek Foreign Minister to June 30, 1989
Pell, Sen. Claiborne (D–RI)
Pelletreau, Robert H., Jr., Ambassador to Tunisia
Pérez, Carlos Andrés, President of Venezuela from February 2, 1989
Pérez de Cuéllar, Javier, Secretary-General of the United Nations

Perkins, Edward J., Ambassador to South Africa to May 22, 1989; Director General of the Foreign Service and Director of Personnel, Department of State, from September 22, 1989

Pickering, Thomas R., Permanent Representative to the United Nations from March 20, 1989

Pienaar, Louis, South African Administrator-General for Namibia from March 1, 1989

Polansky, Sol, Ambassador to Bulgaria

Pozsgay, Imre, Hungarian Minister of State

Primakov, Yevgeniy M., Chairman of the Council of the Soviet Union, U.S.S.R. Supreme Soviet, from June 3, 1989

Qadhafi, Colonel Mu'ammar al-, Chief of State of Libya

Qian Qichen, Chinese Foreign Minister

Quayle, J. Danforth, III, Vice President of the United States from January 20, 1989

Quesada Gomez, Maj. Gen. Augustin, Chief Military Observer, United Nations Observer Force Mission in Central America

Rafsanjani, Ali Akbar Hashemi, Speaker of the Iranian Majlis (Parliament) to August 17, 1989; thereafter President of Iran

Reagan, Ronald, President of the United States to January 20, 1989

Redman, Charles E., Assistant Secretary of State for Public Affairs to March 1, 1989 and Department of State Spokesman to March 24, 1989; Ambassador to Sweden from June 13, 1989

Reilly, William K., Administrator of the Environmental Protection Agency from February 6, 1989

Rice, Donald B., Secretary of the Air Force from May 1, 1989

Ridgway, Rozanne L., Assistant Secretary of State for European and Canadian Affairs to June 30, 1989

Robinson, C. Paul, Representative to the Nuclear Testing Talks

Rodriguez Pedotti, Gen. Andrés, Interim President of Paraguay, February 3–May 15 1989; thereafter President

Roh Tae Woo, President of South Korea

Rosenberg, Alison P., Deputy Assistant Secretary of State for African Affairs

Ross, Dennis B., Director, Policy Planning Staff, Department of State, from January 21, 1989

Roy, J. Stapleton, Deputy Assistant Secretary of State for East Asian and Pacific Affairs to March 26, 1989; Special Assistant to the Secretary of State and Executive Secretary of the Department of State from April 5, 1989

Rudman, Sen. Warren B. (R–NH)

Sabah, Sheik Sabah al-Ahmad al-Jabir al-, Deputy Prime Minister and Foreign Minister of Kuwait

Salazar Manrique, Roberto, Colombian Justice Minister from October 5, 1989

Salinas de Gortari, Carlos, President of Mexico

Samantar, Mohamed Ali, Prime Minister of Somalia

Sanford, Sen. Terry (D–NC)

Santos, José Eduardo dos, President of Angola

Sarbanes, Sen. Paul S. (D–MD)

Sarney Costa, José, President of Brazil

Sa'ud al-Faysal, Prince, Saudi Arabian Foreign Minister

Saw Maung, Gen., Burmese Chairman of the State Committee for the Establishment of Law and Order and Minister of Defense and Foreign Minister

Schaffer, Teresita C., Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs from June 1989

Schieck, Frederick W., Acting Assistant Administrator, Bureau for Latin America and the Carribean, Agency for International Development

Schifter, Richard, Assistant Secretary of State for Human Rights and Humanitarian Affairs

Scowcroft, Gen. Brent, USAF (Ret.), Assistant to the President for National Security Affairs from January 21, 1989

Seitz, Raymond G. H., Assistant Secretary of State for European and Canadian Affairs from August 8, 1989
Selin, Ivan, Under Secretary of State for Management from May 23, 1989
Shamir, Yitzhak, Prime Minister of Israel
Sharp, Rep. Philip R. (D–IN)
Sherifis, Michael E., Cypriot Ambassador to the United States from August 3, 1989
Shevardnadze, Eduard Amvrosiyevich, Soviet Foreign Minister
Shultz, George P., Secretary of State to January 20, 1989
Siad Barre, Maj. Gen. Mohamed, President of Somalia
Sihanouk, Prince Norodom, President of the Coalition Government of Democratic Kampuchea, February 11–August 27, 1989
Simon, Sen. Paul (D–IL)
Skinner, Samuel K., Secretary of Transportation from February 1, 1989
Smith, David J., Chief Defense and Space Negotiator, U.S. Delegation to the Negotiations on Nuclear and Space Arms, from October 10, 1989
Smith, N. Shaw, Deputy Assistant Secretary of State for International Organization Affairs
Smith, Rep. Lawrence J. (D–FL)
Smith, Richard J., Principal Deputy Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs to September 1989; thereafter Special Negotiator, Bureau of Oceans and International Environmental and Scientific Affairs, Department of State
Sofaer, Abraham D., Legal Adviser, Department of State
Solana Morales, Fernando, Mexican Foreign Minister
Solarz, Rep. Stephen J. (D–NY)
Solomon, Richard H., Director, Policy Planning Staff, Department of State, to January 21, 1989; Assistant Secretary of State for East Asian and Pacific Affairs from June 23, 1989
Studds, Rep. Gerry E. (D–MA)
Sullivan, Dr. Louis W., Secretary of Health and Human Services from March 10, 1989
Sununu, John H., Chief of Staff to the President from January 21, 1989
Swing, William L., Deputy Assistant Secretary of State for Personnel until July 1989; Ambassador to South Africa from September 8, 1989

Takeshita, Noboru, Prime Minister of Japan to June 3, 1989
Tauzin, Rep. W. J. (Billy) (D–LA)
Thatcher, Margaret, Prime Minister of the United Kingdom
Thornburgh, Richard L., Attorney General of the United States
Thurmond, Sen. Strom (R–SC)
Tomsen, Peter, Special Envoy to the Afghan Resistance from June 20, 1989
Towell, Timothy L., Ambassador to Paraguay
Tutwiler, Margaret DeB., Assistant Secretary of State for Public Affairs from March 3, 1989; and Department of State Spokesman from March 27, 1989
Tyson, Paul H., U.S. Adviser to the United Nations Economic and Social Council to August 1989

Uno, Sosuke, Prime Minister of Japan, June 3-August 9, 1989

Vogelgesang, Sandra L., Deputy Assistant Secretary of State for International Organization Affairs to August 26, 1989
Vu Khoan, Assistant Vietnamese Foreign Minister

Walesa, Lech, Chairman of the Polish Independent Self-Governing Trade Union Solidarity
Walker, Edward S., Jr., Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs until June 1989
Walker, William G., Ambassador to El Salvador
Walters, Lt. Gen. Vernon A., USA (Ret.), Permanent Representative to the United Nations to March 15, 1989; Ambassador to the Federal Republic of Germany from April 24, 1989
Wan Li, Chairman of the Standing Committee of China's National People's Congress

Warner, Sen. John W. (R–VA)
Watkins, Adm. James D., Secretary of Energy from March 1, 1989
Webster, William H., Director of Central Intelligence
Welch, Gen. Larry D., USAF, Chief of Staff of the Air Force
Woerner, Manfred, Secretary-General of the North Atlantic Treaty Organization
Wolpe, Rep. Howard, (D–MI)
Woods, M. Alan, Administrator, Agency for International Development, to June 29, 1989
Wright, Rep. James C., Jr. (D–TX)
Wright, Joseph R., Jr., Director of the Office of Management and Budget to January 20, 1989; Member of the President's Export Council from March 16, 1989
Wrobleski, Ann B., Assistant Secretary of State for International Narcotics Matters to June 17, 1989

Yang Shangkun, President of China
Yatron, Rep. Gus (D–PA)
Yazov, Gen. Dimitri Timofeyevich, Soviet Defense Minister
Yeutter, Clayton K., Secretary of Agriculture from February 6, 1989
Yilmaz, Mesut, Turkish Foreign Minister

Zhao Ziyang, General Secretary of the Chinese Communist Party Central Committee to June 24, 1989
Zoellick, Robert B., Counselor of the Department of State from March 2, 1989
Zolotas, Xenophon, Greek Prime Minister from November 23, 1989

Chapter 1. General Principles and Objectives of American Foreign Policy

1. "We Can Be a Force for Freedom and Peaceful Change"

Prepared Statement by Secretary of State-designate Baker, January 17, 1989 (Extracts)[1]

Mr. Chairman, Members of the committee: It is an honor to appear before you as President-elect Bush's nominee to be Secretary of State. I also appreciate your willingness to hold these hearings while we are still in the transition period. Every administration aspires to hit the ground running, instead of just hitting the ground.

This Friday a new President will take office. He will govern an America vastly different from the country we knew even as recently as the beginning of this decade. When George Bush first campaigned for the Presidency, American institutions and values were being questioned. Over the last 8 years, we have reaffirmed them. As a result, our nation has emerged much stronger both at home and abroad. For this, we owe thanks to Secretary Shultz and above all to President Reagan.

The legacy of the Reagan era is a more vibrant America. We have proven that our President can lead, that our government works, that progress can be made. The creativity of the individual and respect for his or her rights—the touchstones of democracy—have become once more ideas in the ascendancy.

Some of that vibrancy is reflected in the international developments of our time. Our most powerful foe, the Soviet Union, so aggressive a decade ago, is undergoing an ideological soul-searching of historic proportions. Regional conflicts long thought to be intractable—in southwest Asia and southern Africa, for example—have begun moving toward resolution with the help of creative American diplomacy. And the international economy, driven by the longest American peacetime economic expansion on record, has provided new hope for progress.

A World in Transition

These developments are symptomatic of the great changes and challenges we face in the decade ahead. Our world is undergoing five significant transformations:

First, the democratic revolution: Many nations in Latin America have recently achieved democracy or are struggling toward it, while in Asia, the Philippines and South Korea have joined the democratic ranks. But many of these new democracies are fragile. Their institutions need time to take root and success is not assured. And, while millions of people elsewhere are demanding free political institutions, we know that the demands for freedom are not always granted peacefully, if at all.

Second, the spread of free enterprise: Free markets and private initiative are the new watchwords of economic development—because these concepts work in practice. Classic socialism and variants of government-controlled economies have been discredited. The nations of the Pacific Rim in particular have shown that the free enterprise model works astonishingly well for developing countries, not just mature economies. But in many regions, the problems of debt, large trade imbalances, and protectionist pressures overshadow this progress and threaten the future.

Third, change in the Communist world: Virtually every Communist government is now experimenting with economic ideas once denounced as heretical, including a role for a market economy. But the crisis of the Communist systems, even by their own admission, is much broader. Political change, especially the demand for freer institutions, is high on the agenda. Yet it is not clear that reforms will be successful, or that democracy will be the outcome.

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[1] Source: *Nomination of James A. Baker III: Hearings Before the Committee on Foreign Relations, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), pp. 180–212. Claiborne Pell, chairman of the committee, presided over the session.

Fourth, technological progress: Rapid advances in the technology of information and communication have helped to bring about a global economy, shrinking time and space and transcending the traditional boundaries of the nation-state. It is already clear that in today's global economy, domestic economic policies can no longer be considered independently of their international consequences. But it is not yet certain that we will have the cooperation we need. And trade advantages unfairly pursued could lead to more economic strife and, eventually, to growing protectionism.

Fifth, new military trends: The same technological change affecting the international economy is altering strategic military relationships. Precision guidance enables the conventional weapons of today to destroy targets that, in years past, were assigned primarily to nuclear weapons. Research on the Strategic Defense Initiative is exploring the potential for altering the future mix of offense and defense. We must continue to assess the impact to tnese changes on deterrence and arms control.

There is another, more worrisome aspect of the new military trends. A dangerous proliferation of high technology has begun. Just as we are controlling or eliminating some nuclear weapons, chemical warheads and ballistic missiles have fallen into the hands of governments and groups with proven records of aggression and terrorism.

The Contraries of Our Times and How to Approach Them

These five transformations present us with a series of contraries and paradoxes. We could advance toward an increasingly democratic world, or, if fragile democracies fail, the cause of freedom could be thrown back. The international economy could continue to grow, or the stresses of competition could lead to protectionism and rival trading blocs—ultimately to the disadvantage of all. A properly conceived approach by the Atlantic Alliance could extend the progress we have made with the Soviet Union. Or through mistakes on either side of the Iron Curtain, this opportunity could be lost. Finally, new military technologies could provide a greater stability at lower levels of forces. Or we could encounter a new and darker age if we cannot halt the spread of weapons that put nations on a hair-trigger, particularly in politically unstable regions.

I am asking you to vote to confirm me as Secretary of State. So it is right and proper that I tell you as best I can of my approach to this challenging world, this world of contraries.

During my legal training, I became aware of a set of lectures by Justice Benjamin Cardozo called "The Nature of the Judicial Process." And I recall being struck by his observation that, "There is in each of us a stream of tendency, whether you choose to call it philosophy or not, which gives coherency and direction to thought and action." Some have described my philosophy as "pragmatic." I'd like to say that labels can be misleading—I am actually a Texas Republican, *all* of whom are conservative. I will admit to pragmatism, however, if by that you mean being realistic about the world and appreciating the importance of getting things done.

My purpose is not to understand this world in order to accept it, but to understand it in order to change it where necessary—sometimes by large steps, often of necessity by small steps, yet always pressing forward. And the only sure guide for such change is the compass of American ideals and values—freedom, democracy, equal rights, respect for human dignity, fair play—the principles to which I adhere.

I believe in freedom for the individual because it's a God-given right and the source of human creativity. The Founders of our country recognized that such freedom was preserved best by limited government—the checks and balances system that still provides the framework for our success. Part of that system is a decentralized government, a government close to the people, a government of the people. I would argue, too, that economic freedom, the free market system, is an essential part of the framework. Finally and above all I believe, like Lincoln, that the United States has a special role in this world, a special contribution to make—as he put it, "the last, best hope of Earth."

Leadership and Bipartisanship

My sense of realism, my stream of tendency, tells me that we can advance toward these ideals, if we are resolved on two issues.

The first is the necessity for American leadership. Some years ago, as Secretary of the Treasury, I spoke of the leadership "choice"—but in fact it is no choice at all. As the most powerful democracy, the largest economy, the wealthiest society and the greatest concentration of scientific talents, we are going to substantially affect the future whether we do so consciously or not. We can be a force for freedom and peaceful change unlike any other in this world. But if we fail to do so, we will not be able to run or to hide from the consequences.

U.S. leadership must adjust for a world that has outgrown the post-war era. The United States is simultaneously a tribune for democracy, a catalyst for international cooperation, and a guardian of our national interests. We live in a world of powerful adversaries. We cannot take the survival of democracy for granted or assume that if we do not protect our own interests, someone else or some international organization will act on our behalf. We also live in a world of increasingly influential allies whose cooperation is essential if we are to surmount common problems. There are new, global dangers, such as terrorism, the international narcotics trade, and the degradation of the world's environment that cannot be managed by one nation alone, no matter how powerful.

These realities will not permit a blind isolationism or a reckless unilateralism. Only through a realist approach can we write a new chapter of American leadership for a rapidly changing world.

There is a second issue we must resolve. It concerns the relationship between the Executive and the Congress in the realm of foreign policy. Simply put, we *must have bipartisanship to succeed*. That's the verdict of history and of recent experience.

Bipartisanship does not mean that we must always agree. There are and will always be differences in approach and on substance. Airing those differences in a manner that respects the other person's right to disagree is a strong affirmation of the democratic process. But eventually we must proceed, and when we do it is best that we do so together if we are to achieve the national interest.

On this subject, let me quote Dean Acheson. He was evidently acquainted with some of our Texas customs because he said that there was a rule in the saloons of the Old West: "Never shoot the piano player." And he wrote that in foreign policy, the President was the piano player.

Yes, this is an appeal for a kinder, gentler Congress. But bipartisanship is also more than Acheson's "holy water sprinkled on political necessity." It's the lubricant that enables the branches of government to overcome their natural, constitutionally designed friction, a friction that arises from our differing perspectives and our different responsibilities.

As a realist, I know we need bipartisanship to succeed. While the Executive is responsible for proposing and executing foreign policy, the legislature supports, modifies, and sometimes vetoes a course of action. Thus, bipartisanship is decided in practice.

So let our recent experience be our teacher. When we held the line together, on Afghanistan, or throughout the INF negotiations, we succeeded. When we did not—in Central America—the outcome was unsatisfactory to everyone.

The conclusion is inescapable. In order to succeed, we must work together. And a bipartisan foreign policy is sustained by three principles:

First, *trust* that we each have the public interest in mind, that we are doing our best to carry out our responsibilities.

Second, *consultation*, that we are trying to communicate, that we are taking off and landing together.

Third, *consistency*, that our decisions and agreements, once arrived at, are in fact decisions and agreements that will be kept.

Senators Danforth and Boren have suggested a new means of consultation—including periodic meetings of members of Congress with the Secretary of State and sometimes the President—to discuss the larger and longer term issues. As President-elect Bush wrote to Senator Danforth on November 18, 1988, "As soon as my National Security team is in place, I will ask them to meet with you to discuss your excellent suggestions." I look forward to that meeting.

Armed then with the conviction of American leadership and the practice of bipartisanship, let us together—the Executive and the Congress—tackle the formidable agenda before us.

. . . .

Conclusion

Clearly, we face a formidable agenda as we attempt to deal with the contraries of our age. Yet we start with the strong hand of a strong America. And we shall persist because we know that the stakes are very high.

In a few years, we could know whether a lasting constructive relationship with the Soviet Union is possible. Whether the world economy will progress. Whether our allies in Europe and Asia will look outward. Whether we can extend arms control and deterrence. Whether we can deal successfully with global problems like the environment, terrorism, and drugs. Whether we can create the new frameworks for the developing countries to move forward free of the curse of regional conflicts.

For me and for my generation, these are great prospects, but they are even greater for the next generation of Americans. President-elect Bush spoke for us all when he said to a group of students at Westminster College, "We have lived our lives partly in the sunlight but always in the shadow of struggle . . . .[2] That struggle is not yet over." And then he told these young Americans, "Your generation has an opportunity to emerge from that shadow and finally enjoy the sunlight without fear."[3]

Mr. Chairman, Members of the committee. I am certain that a realistic American leadership can seize the opportunity and usher in a more peaceful and prosperous era. It is the chance to lift the shadow of struggle and to leave a better world for America that motivates me. That is why I am here today to seek your support. Together, and under the leadership of our President, we can do it. Thank you.

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2. "To Make . . . Gentler the Face of the World"

Inaugural Address by President Bush, January 20, 1989 (Extracts)[4]

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I come before you and assume the Presidency at a moment rich with promise. We live in a peaceful, prosperous time, but we can make it better. For a new breeze is blowing, and a world refreshed by freedom seems reborn. For in man's heart, if not in fact, the day of the dictator is over. The totalitarian era is passing, its old ideas blown away like leaves from an ancient, lifeless tree. A new breeze is blowing, and a nation refreshed by freedom stands ready to push on. There is new ground to be broken and new action to be taken. There are times when the future seems thick as a fog; you sit and wait, hoping the mists will lift and reveal the right path. But this is a time when the future seems a door you can walk right through into a room called tomorrow.

Great nations of the world are moving toward democracy through the door to freedom. Men and women of the world move toward the free markets through the door to prosperity. The people of the world agitate for free expression and free thought through the door to the moral and intellectual satisfactions that only liberty allows.

We know what works: Freedom works. We know what's right: Freedom is right. We know how to secure a more just and prosperous life for man on Earth: through free markets, free speech, free elections, and the exercise of free will unhampered by the state.

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[2] Ellipsis in the source text.

[3] For text of Vice President Bush's address to the students of Westminster College in Fulton, Missouri, October 18, see Press Release, October 18, 1989, Office of the Press Secretary to the Vice President.

[4] Source: *Weekly Compilation of Presidential Documents*, January 30, 1989, pp. 99–100, 101. The President spoke at 12:05 p.m. from a platform erected at the West Front of the Capitol, and his address was broadcast live on nationwide radio and television. Immediately before the address, the oath of office was administered by Chief Justice William H. Rehnquist.

For the first time in this century, for the first time in perhaps all history, man does not have to invent a system by which to live. We don't have to talk late into the night about which form of government is better. We don't have to wrest justice from the kings. We only have to summon it from within ourselves. We must act on what we know. I take as my guide the hope of a saint: In crucial things, unity; in important things, diversity; in all things, generosity.

America today is a proud, free nation, decent and civil, a place we cannot help but love. We know in our hearts, not loudly and proudly but as a simple fact, that this country has meaning beyond what we see, and that our strength is a force for good. But have we changed as a nation even in our time? Are we enthralled with material things, less appreciative of the nobility of work and sacrifice?

My friends, we are not the sum of our possessions. They are not the measure of our lives. In our hearts we know what matters. We cannot hope only to leave our children a bigger car, a bigger bank account. We must hope to give them a sense of what it means to be a loyal friend; a loving parent; a citizen who leaves his home, his neighborhood and town better than he found it. And what do we want the men and women who work with us to say when we're no longer there? That we were more driven to succeed than anyone around us? Or that we stopped to ask if a sick child had gotten better and stayed a moment there to trade a word of friendship.

No President, no government can teach us to remember what is best in what we are. But if the man you have chosen to lead this government can help make a difference; if he can celebrate the quieter, deeper successes that are made not of gold and silk but of better hearts and finer souls; if he can do these things, then he must.

America is never wholly herself unless she is engaged in high moral principle. We as a people have such a purpose today. It is to make kinder the face of the Nation and gentler the face of the world.

. . . .

To the world, too, we offer new engagement and a renewed vow: We will stay strong to protect the peace. The offered hand is a reluctant fist, once made strong and can be used with great effect. There are today Americans who are held against their will in foreign lands and Americans who are unaccounted for. Assistance can be shown here and will be long remembered. Good will begets good will. Good faith can be a spiral that endlessly moves on.

Great nations like great men must keep their word. When America says something, America means it, whether a treaty or an agreement or a vow made on marble steps. We will always try to speak clearly, for candor is a compliment; but subtlety, too, is good and has its place. While keeping our alliances and friendships around the world strong, ever strong, we will continue the new closeness with the Soviet Union, consistent both with our security and with progress. One might say that our new relationship in part reflects the triumph of hope and strength over experience. But hope is good, and so is strength and vigilance.

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3. Power for Good: American Foreign Policy in the New Era

Address by Secretary of State Baker Before the American Society of Newspaper Editors, April 14, 1989[5]

I'm pleased to be here today, and I will try and keep my formal remarks brief enough that we have time for questions and answers later on.

Being brief does remind me, though, of the old story about the three people that were sent on a factfinding mission to some remote part of the South Pacific. It happened to be a lawyer, a cabinet secretary, and a newspaper editor. As luck would have it, their airplane developed engine trouble. They went down. They were captured by cannibals. As the pot started to boil, the cannibal chief said, "Everybody gets one last wish. What will it be?" He turned to the lawyer, and he said, "Yes, indeed, he has one last wish." He said, "May I give you my card," and the chief took the card and turned to the cabinet secretary and said he would very much like to deliver just one last time his famous lecture on his 10 greatest accomplishments in government. The chief said okay. He turned to the newspaper editor who promptly said, "Cook me first, I've heard that speech three times already."

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[5] Source: Department of State *Bulletin*, June 1989, pp. 8–11.

So I'm going to try and keep the formal part of the remarks brief enough to avoid that.

I've always believed that the media play an essential role in educating this democracy of ours, but the news as you all know very, very well is not always just about what we in government do or fail to do. The most important service, I think, that you can render the government and to the people alike is to help explain the most important changes which are transforming this world of ours. So today, I'd like to discuss those changes with you and I'd also like to describe the actions that we've taken so far to lay the foundation of an American foreign policy for new times.

A decade ago, the world beyond our borders was a familiar place but, if I may say so, not a very reassuring one. The Soviet Union was on the march. Democracy seemed to be in retreat, and our values were being questioned. We and our allies also faced severe economic problems that undermined confidence in the free market and undermined confidence in free trade as well.

Now, after a decade that I think will always be known as the Reagan era, the world beyond our borders is a more reassuring place. Soviet forces have left Afghanistan, other regional conflicts inflamed by Soviet intervention have begun moving toward resolution with the help of some, I think—perhaps biased, with all my bias hanging out—with the help of some creative American diplomacy. Once again, I think, it's fair to say that democracy is on the march. We have reaffirmed our values. And the international economy, which has been driven by the longest American peacetime expansion on record, has provided new hope for progress.

This more reassuring world, though, is also, I think it's fair to say, becoming a less familiar one. The world has clearly outgrown the clash between the superpowers that dominated world politics after World War II. Instead we face a series of challenges that are reshaping the new international order.

—We could advance toward an increasingly democratic world, or, if new and fragile democracies fail, the cause of freedom could well be thrown back.

—The international economy could continue to grow, or the stresses of competition, trade imbalances, and debt could lead to protectionism; it could lead to rival trading blocs—ultimately to the disadvantage of all of us.

—The international community of nations could act to deal with transnational dangers such as environmental hazards, terrorism, and the drug trade, or these problems could grow worse because of a failure to work together.

—A properly conceived approach by the Atlantic alliance could extend the progress that we've made with the Soviet Union, leading to far more cooperative East-West relations. Or through mistakes on either side of the Iron Curtain, this opportunity could be lost.

—Finally, new military technologies could provide greater stability at lower levels of forces. Or we could encounter a darker age if we cannot halt the spread of weapons that put nations on a hair-trigger—particularly, if we fail to make progress in resolving volatile regional conflicts.

Unlike the last 40 years, the task before us is, therefore, more complex, and it is more nuanced. It has become less susceptible to the grand gesture, the single solution, or the overarching doctrine. We face a seesaw contest on many fronts.

Winston Churchill used to say that in confusing situations it was always best to resort to first principles. Those principles, I think, begin with the necessity for continued American leadership. As the world's most powerful democracy, and the world's largest economy, we're going to affect the future substantially, whether we do so deliberately or not. We can, therefore, be a force for freedom and peaceful change unlike any other country in the world. But if we fail to do so, the consequences will surely seek us out. There is no place to run, and there is no place to hide. We must, therefore, use America's power in the right way, and we must use it for good.

Our leadership, however, must be attuned to the times. Common problems and still powerful adversaries make our increasingly influential allies more important than ever before to success. New dangers, such as terrorism, the international narcotics trade, and the degradation of the natural environment, cannot be managed by one nation alone. These realities will not permit the United States a blind isolationism or a reckless unilateralism. Instead, they remind us of America's unique role: we are, after all, simultaneously a tribune for democracy, a catalyst for international cooperation, and the guardian of America's national interest.

The second principle is that American leadership must be realistic. By that I mean not only an understanding of the way the world works but also a willingness to use the understanding to change the world, guided by those values that we refer to as American values that are so important to us.

The idea that American moral values and an engaged foreign policy are somehow in contradiction, I think, is clearly incorrect. A democratic society will not long support a policy which is at variance with its beliefs. And a policy that does not serve our interests, even if it makes us feel very good, will be ultimately self-defeating. Realism today means not the exclusion of values but their inclusion as the guiding light of our policy.

And the third and final principle is bipartisanship. Now by this I don't mean a cessation of debate or the end to the constitutionally designed friction between the executive and the Congress. Differing perspectives and different responsibilities will often yield opposing points of view. The democratic process nourishes and safeguards the right to disagree.

Yet when all is finally said, something must then be done. We must proceed with the business of foreign policy and when we do, it's best that we do so together, if we're going to achieve our national objectives.

Leadership, realism, and bipartisanship—those are the tools, I think, with which we can build a new and promising era. We've already begun to lay the foundation. In the 80 days since President Bush's inauguration, we have moved to initiate our agenda and to lay the foundation for future action. Today, I want to discuss some of our activities in more detail, providing, if I may, a sense of how they fit our foreign policy plan for the future.

First, as I noted in my confirmation hearings, our agenda begins with the neighborhood, the countries of this continent. The President has indicated the importance we place on our relationships with both Canada and Mexico. That was emphasized by his early meetings with Prime Minister Mulroney[6] and with President Salinas.[7] Our dealings with these two vital neighbors have gone beyond the merely symbolic. We've taken the initiative on two issues which are at the top of their respective agendas. We are working with Mexico to reduce that nation's burden of debt. And the President has committed himself to introduce legislation that establishes a definite timetable for substantial reductions of the chemicals that create acid rain.

Second, we have reached a bipartisan consensus on a plan designed to lead Central America away from the conflict of recent years and toward a future of democracy and economic progress.[8] This plan addresses a problem that for too long has not only divided our neighbors abroad but, indeed, has divided Americans here at home.

The bipartisan accord signed in March clearly states the objectives of our policy toward Nicaragua and our policy toward Central America. Those objectives are democracy, an end to subversion of neighbors, and an end to Soviet-bloc military ties that threaten U.S. and regional security. The accord draws upon the Esquipulas II agreement, which was authored by President Arias of Costa Rica, and the efforts of the Central American nations to develop their own principles for freedom and peace.[9] And our policy emphasizes that the process which leads to these goals must be based on credible standards for compliance, strict timetables for enforcement, and effective and ongoing means of verification.

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[6] Regarding President Bush's visit with Prime Minister Mulroney in Ottawa February 10, see Document 130.

[7] President-elect Bush met with President-elect Salinas de Gortari November 22, 1988, at NASA's Johnson Space Center in Houston.

[8] For text of the Bipartisan Accord on Central America, March 24, see Document 447.

[9] For text of the Central American Peace Agreement, also known as the Presidents' Agreements, Es-

The accord also stipulates that Congress will extend humanitarian assistance at current levels to the Nicaragua Resistance through February 28, 1990, just after new internationally supervised elections are to be held in Nicaragua.

This new American policy—our "new thinking," to borrow a phrase—has already gained the support of the Central American democracies, of Canada, of Venezuela and other democracies in this hemisphere and in Europe. In the weeks ahead, we intend to build on this support.

Through this agreement, we are sending an important message to the world: Americans *can* unite on an issue of vital national interest. We're also sending another message: Our hemisphere is not, and should not be, a dumping ground for Soviet arms or for a failed Soviet ideology.

Frankly, we've been looking for signs of new thinking from Moscow on this issue. Recently, we heard some promising words. Standing in the presence of Fidel Castro, Mr. Gorbachev declared, and I quote, "We are resolutely against any theories and doctrines justifying the export of revolution or counterrevolution and all forms of foreign interference in the affairs of sovereign nations."

That certainly sounds promising. We hope it's going to prove to be true. But at this point, the Soviet Union continues to reject President Arias' appeal to give the slogan of new thinking some content. Soviet aid to Cuba and Nicaragua continues to support subversion against El Salvador. The Soviet Union's military aid to Nicaragua alone is more than $500 million a year—five times what the United States provides to El Salvador—and far in excess of any legitimate Soviet security concerns. As a consequence of that aid, Nicaragua now fields a military force far in excess of its neighbors—in fact, it fields the largest army in the entire history of Central America.

So we call again upon the Soviet Government to think about its actions here in our hemisphere and about the consequences of those actions for the future.

The third area where we've begun to lay a foundation for peace and security is in the Middle East. On March 25, we celebrated the 10th anniversary of the Egyptian-Israeli Peace Treaty.[10] But to mark the anniversary is also really, I think, to realize how much remains undone. And all we have to do, if I may interject here, is to read the newspapers this morning to see how very much does remain to be done. The daily violence in the West Bank and Gaza—the stones thrown, the lives lost—are all adding to an already bitter legacy of hatred between Arabs and Israelis.

Last week President Mubarak of Egypt[11] and [Israeli][12] Prime Minister Shamir[13] visited Washington. His Majesty, King Hussein of Jordan, will be visiting us next week.[14]

I do not doubt that after so many years of strife, there is a very deep yearning on the part of all for peace. But it's also clear, I think, that the substantive gap between the parties is far too wide, and the atmosphere is far too clouded by violence and tension and mistrust to launch negotiations now. We have, therefore, been stressing for 2 months the need for a step-by-step process. Its purpose is to reduce tensions, to promote dialog between Israelis and Palestinians, and to build an environment that can sustain negotiations on interim arrangements and permanent status.

Last week, Prime Minister Shamir responded. He made clear that the status quo was unacceptable. He also emphasized Israel's desire to advance a political process that might lead ultimately to a settlement. He proposed elections in the territories for Palestinian representatives prepared to negotiate an interim agreement. The process would culminate in ne-

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quipulas II, signed August 7, 1987, see *American Foreign Policy: Current Documents, 1987*, pp. 749–753.

[10] For text of the Egyptian-Israeli Peace Treaty signed March 26, 1979, see *ibid.*, *Basic Documents, 1977–1980*, pp. 669–683.

[11] Regarding President Mubarak's visit to Washington, April 1–5, see Documents 225 and 226.

[12] Brackets in the source text.

[13] Regarding Prime Minister Shamir's visit to Washington, April 5–7, see Documents 238 and 239.

[14] Regarding King Hussein's visit to Washington, April 17–21, see Document 244.

Document 3

gotiations on final status. And he said that in those negotiations, all options would be open. All parties could bring their preferred positions to the table, and all, of course, would have to find the ultimate outcome acceptable.

This, we think, is a positive step and a step that is worthy of further consideration and development. In coming weeks, we will be discussing with Israel and the Arabs the details of these ideas; how we might build on them; how they fit into a larger picture of setting the stage for direct negotiations. We have embarked, if I may say so, on a step-by-step approach that fits our view of how to progress on this most difficult of conflicts.

The next and fourth area where we've focused our early efforts concerns our preparations for further improvement in East-West relations. Of all of the changes we've seen over the past decade, those in the Soviet Union are truly the most remarkable. Soviet troops have left Afghanistan. The INF Treaty[15] is being carried out. Some political prisoners have been released. Emigration has increased, and it's increased dramatically. And a kind of democratization—something, I think, that's still far from democracy, but nevertheless, a kind of democratization—has begun.

The political and economic reforms undertaken by General Secretary Gorbachev, however, also have revealed a vast sea of discontent. Virtually every facet of Soviet life and Soviet history has been subjected to critical comment. A similar wave of discontent has washed over countries throughout central and Eastern Europe. The reactions, of course, have not been uniform. Some countries stand against change. Others have altered their political and economic systems to a degree which we once thought was unattainable.

The unprecedented roundtable agreements reached in Poland a week ago are indicative of such changes in the Communist world. Seven years ago candles were lit in support of Poland's repressed free trade union, Solidarity. Now, I think we all agree that hope has been rekindled. Poland has taken an important step away from totalitarianism, although democracy is far from having been achieved.

In Vienna, I hailed the changes in the East as a sign above all that the Western vision of freedom, peace, and democracy had prevailed. We and our allies, working together, held this vision aloft for four full decades. Now a new sense of realism in the Kremlin confirms, I think, the success of our efforts.

I can say that we very much wish Mr. Gorbachev well in his attempt to reform the Soviet Union. We have absolutely no interest whatsoever in the failure of *perestroika*. We like the concept of new thinking in foreign and defense policy. And we look forward to the resumption of negotiations to complete a new treaty that reduces strategic arms.

Simply stated, our overall purpose is to deepen and to broaden our cooperative relationship, especially on regional issues.

Yet I think it is too soon to conclude that the Soviet policies most troubling to the West are, in fact, gone forever. The progress made so far on arms control has not changed the fact that the Soviet Union remains a heavily armed superpower with a global military reach. Lately, there have been signs of a more constructive Soviet approach, one of which recognizes the need to eliminate the capabilities for surprise attack. But I think this opportunity needs to be probed, it needs to be examined, and it needs to be developed. As real as the possibilities may be, I don't think we are there yet.

Indeed, there remain too many areas where the slogans of new thinking lack content. Let me cite a couple of examples.

—Moscow has declared that every member state of the socialist family has the right to pursue its own way, but Moscow has refused to denounce the Brezhnev doctrine that still overshadows the countries dominated by the U.S.S.R.

—The Soviet Union seeks reduced military force levels on the dividing line in Europe but still refuses to remove the Berlin Wall and other realities of the division of Europe imposed by Soviet force.

—General Secretary Gorbachev has declared that the "most immediate task now is to settle regional conflicts," to use his words. But, as I noted a moment ago, Moscow refuses to put meat on the bones of the new thinking where Central America is concerned.

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[15] For text of the INF Treaty, which includes a memorandum of understanding, two protocols, and an annex, signed by the United States and the Soviet Union in Washington December 8, 1987, entered into force June 1, 1988, see *International Legal Materials*, Vol. 27 (1988), pp. 90–198.

—General Secretary Gorbachev last week described the Middle East as a veritable tinderbox. But what are we to make of the Soviet sale of sophisticated high-performance bombers to Libya—a state which supports terrorism in Europe as well as elsewhere? And while we're at it, let me ask, how does this sale assist the worldwide effort, which Moscow says they support, to control chemical weapons that Libya is developing at its Rabta plant?

These and other issues will be on my agenda when I meet with Foreign Minister Shevardnadze in May.[16]

I believe strongly that U.S.-Soviet relations have the potential to become far more cooperative. In fact, we will be discussing some new subjects, including international environmental issues, narcotics trafficking, and terrorism at our ministerial meeting in May. We *can* stimulate more new thinking, filling the slogans with content, I think, and extending the range of our cooperation.

That brings me to the fifth and final area where we've been working steadily since January. Ultimately, the success of our East-West policy depends on our West-West policy—the ability of the United States and its allies to work together. Our collective strength—not only Soviet domestic weakness but our collective strength—has set the stage for the remarkable realism we've seen in Moscow thus far.

The Soviet Union, however, is not the only reason for our alliances and not the only reason for our friendships. Over the past 40 years, we have constructed strong political, military, and economic relationships, bound together by common values and fundamental interests.

Through the success of our policies, enormous changes have taken place for the better. Today, our allies are strong and prosperous; the United States is not the only source of initiatives or resources. Yet it remains the case, as I stated earlier, that we play a unique role as a catalyst for cooperation. That, of course, calls for a creative and active leadership.

We have, therefore, begun extensive consultations with our allies and friends on problems of common interest. I have visited my counterparts in all 15 NATO capitals,[17] and we met again in Vienna at the start of the conventional arms control negotiations.[18] The President, of course, has been to Japan, to Korea, and to the People's Republic of China.[19] Over the next 2 months, we will be going to Europe again for NATO's 40th anniversary summit and for the annual economic summit in Paris. From these discussions a common program will emerge that will not only deal with East-West issues but will deal with all of the challenges before us.

So let me conclude this review of 80 days around the world, if I might, with the following observation. De Tocqueville noted long ago that democracies usually lack secrecy, speed, and cohesion in the conduct of their diplomacy. I would accept that—and I would add to it—that these problems are multiplied in an alliance of democracies.

Yet the diplomatic style of the democracies may be well-suited to the complex age which is before us. Heroes, like miracles, occasionally emerge from history, but we cannot count on either heroes or miracles to safeguard our interests. And in any event, the common people must live with the consequences. That, of course, is America—the adventure of the common man and woman. That is deomcracy—the safeguarding of freedom for all, not just for a few.

Consultation and consensus, the careful movements of a step-by-step program, and slow but steady change for the better are the ways of democracy—they are the ways that suit us best.

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[16] Regarding Secretary Baker's meetings with Shevardnadze in Moscow May 10–11, see Documents 176 and 177.

[17] Regarding Secretary Baker's visit to all NATO capitals, February 10–17, see Chapter 10.

[18] For text of Secretary Baker's address before the ministerial meeting which opened the new security negotiations in Europe—talks on confidence- and security-building measures (CSBMs) and separate talks on conventional armed forces in Europe (CFF)—in Vienna March 6, see Document 118.

[19] Regarding President Bush's visits to Korea February 17, to Japan February 23–25, and to China February 25–27, see Documents 343, 329, 305, and 306, respectively.

Document 3

4. “Nothing Can Stand in the Way of Freedom's March”

Address by President Bush Before the U.N. General Assembly, New York, September 25, 1989 (Extract)[20]

. . . .

The United Nations was established 44 years ago upon the ashes of war and amidst great hopes. And the United Nations can do great things. No, the United Nations is not perfect. It's not a panacea for the world's problems. But it is a vital forum where the nations of the world seek to replace conflict with consensus, and it must remain a forum for peace. The U.N. is moving closer to that ideal. And it has the support of the United States of America.

In recent years, certainly since my time here, the war of words that has often echoed in this chamber is giving way to a new mood. We've seen a welcome shift from polemics to peacekeeping. U.N. peacekeeping forces are on duty right now and over the years more than 700 peacekeepers have given their lives in service to the United Nations. Today I want to remember one of those soldiers of peace—an American, on a mission of peace under the United Nations flag—on a mission really for all the world—a man of unquestioned bravery, unswerving dedication to the United Nations ideal, Lieutenant Colonel William Richard Higgins.[21] And I call on the General Assembly to condemn the murder of this soldier of peace and call on those responsible to have the decency to return his remains to his family. And let us all right now, right here, rededicate ourselves and our nations to the cause that Colonel Higgins served so selflessly.

The founders of this historic institution believed that it was here that the nations of the world might come to agree that law, not force, shall govern. And the United Nations can play a fundamental role in the central issue of our time. For today, there's an idea at work around the globe, an idea of undeniable force. And that is freedom.

Freedom's advance is evident everywhere: in Central Europe, in Hungary, where state and society are now in the midst of a movement toward political pluralism and a free market economy, where the barrier that once enforced an unnatural division between Hungary and its neighbors to the West has been torn down. Torn down. Replaced by a new hope for the future, a new hope in freedom. We see freedom at work in Poland where, in deference to the will of the people, the Communist Party has relinquished its monopoly on power. And indeed in the Soviet Union, where the world hears the voices of people no longer afraid to speak out or to assert the right to rule themselves. But freedom's march is not confined to a single continent or to the developed world alone. We see the rise of freedom in Latin America where, one by one, dictatorships are giving way to democracy. We see it on the continent of Africa where more and more nations see, in the system of free enterprise, salvation for economies crippled by excessive state control. East and west, north and south, on every continent, we can see the outlines of a new world of freedom.

Of course, freedom's work remains unfinished. The trend we see is not yet universal. Some regimes still stand against the tide. Some rulers still deny the right of the people to govern themselves. But now the power of prejudice and despotism is challenged. Never before have these regimes stood so isolated and alone, so out of step with the steady advance of freedom. Today we are witnessing an ideological collapse—the demise of the totalitarian idea of the omniscient, all-powerful state. there are many reasons for this collapse. But in the end, one fact alone explains what we see today: Advocates of the totalitarian idea saw its triumph written in the laws of history. They failed to see the love of freedom that was written in the human heart.

Two hundred years ago today, the United States, our Congress, proposed the Bill of Rights—fundamental freedoms belonging to every individual, rights no government can deny. Those same rights have been recognized in this congress of nations in the words of the Universal Declaration of Human Rights,[22] "a common standard of achievement for all peoples and all nations." From where we stand, on the threshold of this new world of freedom, the trend is clear enough. If, for those who write the history of our times, the 20th century is remembered as the century of the state, the 21st century must be an era of emancipation, the age of the individual.

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[20] Source: *Weekly Compilation of Presidential Documents*, October 2, 1989, pp. 1435–1440. The President spoke at 11:45 a.m. in the General Assembly Hall at the United Nations.

[21] See Documents 103–106.

Make no mistake: Nothing can stand in the way of freedom's march. There will come a day when freedom is seen the world over to be a universal birthright of every man and woman, of every race and walk of life. Even under the worst circumstances, at the darkest of times, freedom has always remained alive—a distant dream, perhaps, but always alive. Today that dream is no longer distant. For the first time, for millions around the world, a new world of freedom is within reach. Today is freedom's moment.

You see, the possibility now exists for the creation of a true community of nations built on shared interests and ideals. A true community, a world where free governments and free markets meet the rising desire of the people to control their own destiny, to live in dignity, and to exercise freely their fundamental human rights. It is time that we worked together to deliver that destiny into the hands of men and women everywhere. Our challenge is to strengthen the foundations of freedom, encourage its advance, and face our most urgent challenges—the global challenges of the 21st century: economic health, environmental well-being, the great questions of war and peace.

First, global economic growth. During this decade a number of developing nations have moved into the ranks of the world's most advanced economies, all of them—each and every one—powered by the engine of free enterprise.

In the decade ahead, others can join their ranks. But for many nations, barriers stand in the way. In the case of some countries, these are obstacles of their own making—unneeded restrictions and regulations that act as dead weights on their own economies and obstacles to foreign trade. But other barriers to growth exist and those, too, require effective action. Too many developing countries struggle today under a burden of debt that makes growth all but impossible. The nations of the world deserve better opportunity to achieve a measure of control over their own economic fate and build better lives for their own people. The approach the U.S. has put forward—the Brady Plan[23]—will help these nations reduce that debt and, at the same time, encourage the free market reforms that will fuel growth.

In just 2 days, I will be speaking to the International Monetary Fund and the World Bank, and I'll discuss there in more detail the steps that our nations can take in dealing with the debt problem. But I can say now the new world of freedom is not a world where a few nations live in comfort while others live in want.

The power of commerce is a force for progress. Open markets are the key to continued growth in the developing world. Today the United States buys over one-half of the manufactured exports that all developing nations combined sell to the industrialized world. It's time for the other advanced economies to follow suit, to create expanded opportunities for trade. I believe we'll learn in the century ahead that many nations of the world have barely begun to tap their true potential for development. The free market and its fruits are not the special preserve of a few. They are a harvest that everyone can share.

Beyond the challenge of global growth lies another issue of global magnitude: the environment. No line drawn on a map can stop the advance of pollution. Threats to our environment have become international problems. We must develop an international approach to urgent environmental issues, one that seeks common solutions to common problems. The United Nations is already at work on the question of global warming, in the effort to prevent oil spills and other disasters from fouling our seas and the air we breathe.

And I will tell you now the United States will do its part. We have committed ourselves to the worldwide phaseout of all chlorofluorocarbons by the year 2000. We've proposed amending our own Clean Air Act[24] to insure clean air for our citizens within a single generation. We've banned the import of ivory to protect the elephant and rhinoceros from the human predators who exterminate them for profit. And we've begun to explore ways to work with other nations, with the major industrialized democracies, and in Poland and in Hungary, to make common cause for the sake of our environment. The environment belongs to all of us. In this new world of freedom, the world's citizens must enjoy this common trust for generations to come.

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[22] For text of the Universal Declaration of Human Rights, December 10, 1948, see *A Decade of American Foreign Policy: Basic Documents, 1941–1949* (rev. ed.), pp. 564–567.

[23] See Document 33.

[24] P.L. 95–95, approved August 7, 1977; 91 Stat. 726.

Global economic growth, the stewardship of our planet—both are critical issues. But as always, questions of war and peace must be paramount to the United Nations.

We must move forward to limit and eliminate weapons of mass destruction. Five years ago, at the United Nations Conference on Disarmament in Geneva, I presented a United States draft treaty outlawing chemical weapons.[25] Since then, progress has been made; but time is running out. The threat is growing. More than 20 nations now possess chemical weapons or the capability to produce them. And these horrible weapons are now finding their way into regional conflicts. This is simply unacceptable. For the sake of mankind, we must halt and reverse this threat.

Today I want to announce steps that the United States is ready to take, steps to rid the world of these truly terrible weapons, toward a treaty that will ban—eliminate—all chemical weapons from the Earth 10 years from the day it is signed. This initiative contains three major elements.

First, in the first 8 years of a chemical weapons treaty, the United States is ready to destroy nearly all—98 percent—of our chemical weapons stockpile, provided the Soviet Union joins the ban. And I think they will. Second, we are ready to destroy all of our chemical weapons—100 percent—every one—within 10 years, once all nations capable of building chemical weapons sign that total ban treaty. And third, the United States is ready to begin now. We will eliminate more than 80 percent of our stockpile, even as we work to complete a treaty, if the Soviet Union joins us in cutting chemical weapons to an equal level and we agree on the conditions, including inspections, under which stockpiles are destroyed. We know that monitoring a total ban on chemical weapons will be a challenge. But the knowledge we've gained from our recent arms control experience and our accelerating research in this area makes me believe that we can achieve the level of verification that gives us confidence to go forward with the ban.

The world has lived too long in the shadow of chemical warfare. So let us act together beginning today to rid the Earth of this scourge.

We are serious about achieving conventional arms reductions as well. And that's why we tabled new proposals just last Thursday at the Conventional Forces in Europe negotiations in Vienna, proposals that demonstrate our commitment to act rapidly to ease military tensions in Europe and move the nations of that continent one step closer to their common destiny—a Europe whole and free.

And the United States is convinced that open and innovative measures can move disarmament forward and also ease international tensions. And that's the idea behind the open skies proposal[26] about which the Soviets have now expressed a positive attitude. It's the idea behind the open lands proposal permitting, for the first time ever, free travel for all Soviet and American diplomats throughout each other's countries. Openness is the enemy of mistrust. And every step towards a more open world is a step toward the new world we seek.

Let me make this comment on our meetings with the distinguished Foreign Minister of the Soviet Union, Mr. Shevardnadze, over the past few days. I am very pleased by the progress made. The Soviet Union removed a number of obstacles to progress on conventional strategic arms reductions. We reached agreements in principle on issues from verification to nuclear testing. And, of course, we agreed to a summit in the spring or early summer of 1990. And I look forward to meeting Mr. Gorbachev there.

Each of these achievements is important in its own right. But they are more important still as signs of a new attitude that prevails between the United States and the

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[25] For text of the Vice President's address of April 18, 1984, see *American Foreign Policy: Current Documents, 1984*, pp. 93–98.

[26] See Document 178.

U.S.S.R. Serious differences remain. We know that. But the willingness to deal constructively and candidly with those differences is news that we, and indeed the world, must welcome.

We have not entered into an era of perpetual peace. The threats to peace that nations face may today be changing, but they've not vanished. In fact, in a number of regions around the world, a dangerous combination is now emerging: regimes armed with old and unappeasable animosities and modern weapons of mass destruction. This development will raise the stakes whenever war breaks out. Regional conflict may well threaten world peace as never before. The challenge of preserving peace is a personal one for all of you right here in this hall. Mr. Secretary General, with great respect, you have made it your own. The United Nations can be a mediator, a forum, where parties in conflict come in search of peaceful solutions. For the sake of peace, the U.N. must redouble its support for the peace efforts now underway in regions of conflict all over the world. And let me assure you the United States is determined to take an active role in settling regional conflicts. Sometimes our role in regional disputes is and will be highly public. And sometimes, like many of you, we work quietly behind the scenes. But always, we are working for positive change and lasting peace.

Our world faces other, less conventional threats no less dangerous to international peace and stability. Illegal drugs are a menace to social order and a source of human misery wherever they gain a foothold. The nations who suffer this scourge must join forces in the fight. And we are. And let me salute the commitment and extraordinary courage of one country in particular, Colombia, where we are working with the people and their President, Virgilio Barco, to put the drug cartels out of business, bring the drug lords to justice.[27]

And finally, we must join forces to combat the threat of terrorism. Every nation and the United Nations must send the outlaws of the world a clear message: Hostage taking and the terror of random violence are methods that cannot win the world's approval. Terrorism of any kind is repugnant to all values that a civilized world holds in common. And make no mistake: Terrorism is a means that no end, no matter how just that end, can sanctify.

Whatever the challenge, freedom greatly raises the chances of our success. Freedom's moment is a time for hope for all of the world. Because freedom, once set in motion, takes on a momentum of its own. As I said the day I assumed the Presidency of our country: "We don't have to talk late into the night about which form of government is better." We know that free government, democracy, is best. And I believe that is the hard-won truth of our time, the unassailable fact that still stands at the end of a century of great struggle, of human suffering.

And this is true not because all our differences must give way to democracy, but because democracy makes room for all our differences. In democracy, diversity finds its common home. At the very heart of the democratic ideal is a respect—for freedom of belief, freedom of thought and action in all its diversity, for human rights. The world has experienced enough of the ideologies that have promised to remake man in some new and better image. We've seen the colossal tragedies and dashed hopes. We know now that freedom and democracy hold the answers. What men and nations want is the freedom to live by their own lights and a chance to prosper in peace.

When I began today, I spoke to you about peacekeeping. I want to speak to you now about peacemaking. We must bring peace to the people who have never known its blessings. There's a painting that hangs on the wall of my office in the White House, and it pictures President Abraham Lincoln and his generals meeting near the end of a war that remains the bloodiest in the history of my country. Outside at that moment a battle rages, in this picture. And yet what we see in the distance is a rainbow—a symbol of hope, of the passing of the storm. That painting is called The Peacemakers. For me, it is a constant reminder that our struggle, the struggle for peace, is a struggle blessed by hope.

I do remember sitting in this hall. I remember the mutual respect among all of us proudly serving as Representatives. Yes, I remember the almost endless speeches—and I don't want this to be one of them—the Security Council sessions, the receptions, those long receiving lines, the formal meetings of this Assembly and the informal discussions in the Delegates Lounge over here. And I remember something more—something beyond the frantic pace and sometimes frustrating experiences of daily life here. The heartbeat of the United Nations: the quiet conviction that we could make the world more peaceful, more free. What we sought then—all of us—now lies within our reach.

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[27] See Document 97.

Document 4

I ask each of you here in this hall: Can we not bring a unity of purpose to the United Nations? Can we not make this new world of freedom the common destiny we seek? I believe we can. I know we must.

My solemn wish today is that here among the United Nations that spirit will take hold, and that all men and all nations will make freedom's moment their own. Thank you. God bless you. And may God bless the work of the United Nations. Thank you very much.

Chapter 2. Organization and Conduct of American Foreign Policy

5. Editorial Note

On July 27, Secretary Baker sent a message to Department of State employees commemorating the bicentennial of the establishment of the Department of Foreign Affairs, the first executive department created under the new Constitution. The name of the agency was changed to the Department of State in a law approved by President Washington on September 15, 1789, to reflect more accurately the additional domestic responsibilities given to the Department. Secretary Baker's message stated that the Department of State "has always been the premier agency responsible for carrying to all peoples and nations around the world the aspirations of the American people—that all men are created equal and possess an inalienable right to freedom." (Department of State Notice, July 27, 1989, Department of State files) For additional details on the origins of the Department of State, see David S. Patterson, "The Department of State: The Formative Years, 1775–1800," *Prologue*, 21 (Winter 1989), pages 315–329.

6. New Directions in Department of State Management

Prepared Statement by the Under Secretary of State for Management (Selin), October 12, 1989[1]

Introductory Remarks

Mr. Chairman, I am delighted to appear before these subcommittees today and to share with you my thoughts on what lies ahead for the State Department, what the emerging international environment means for the institution, and how the institution must change in order to meet the challenges of that environment. We frankly need to do better at managing the resources, programs and people of our institution so we can do our part to advance this Nation's international agenda in the most efficient and effective manner possible. What the management team at State has in mind is an integrated system of change for the better, reflecting the genuinely interdependent nature of policy, programs and operations.

The focus of these hearings is management, and for me that means determining what the State Department will look like and what it will need 5 years from now, and then figuring out how we get there from here. This task inevitably leads to systems for both people and things, and how to develop them in the most efficient and effective manner possible. I hope my performance in this job will be evaluated precisely on that basis, rather than on day-to-day administration.

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[1] Source: *The Department of State in the 21st Century (Vol. I): Joint Hearing Before the Subcommittee on International Operations of the Committee on Foreign Affairs and the Subcommittee on the Civil Service of the House Committee on Post Office and Civil Service, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 24–46. Representative Mervyn M. Dymally, chairman of the Subcommittee on International Operations, presided over the session.

I do not plan to speak at length on foreign policy areas which do not fall within my portfolio. These international policy areas do, however, impact on everything we do at State and at our overseas posts, so I will address some of my remarks to the policy context in which we operate and expect to operate in the future. The classical world of bilateral and multilateral diplomacy still exists, of course, but it is being progressively supplemented by transnational issues which may or may not involve government-to-government activity, by economic and financial problems which were not on anyone's agenda a decade ago, and by the often unanticipated consequences of technological change. We at State must practice diplomacy in a changed and changing environment, and do so at a time when the real resources available to support our activities are diminishing relative to tasks assigned to us.

My remarks are divided into three parts: the policy context in which we must operate, the implications of this for the institution which must confront it, and what both imply for necessary changes in our structures and processes.

I. The Policy Context

It is a truism that the world in which we are now operating is different in very fundamental ways from the post-World War II era. Among the elements of change that have had an enormous impact on the United States in recent years are the growth of economic power on the part of several of our allies, the emergence of transnational issues that demand policy attention and increasing resources, and advances in technology which have created new sets of international issues. The Soviet Union and Eastern Europe are undergoing what appear to be fundamental internal changes, and we see new manifestations of these changes every day on the evening news. Regional conflicts persist, but the environment in which they must be addressed has shifted to one in which there are often more players than before. International terrorism has grown in ugly ways familiar to you all. Requirements for the security of our facilities and our people overseas have increased to match the growth of the threats to both.

There are three particular areas which I believe illustrate some of the profound changes we have experienced in recent years: international drug trafficking, global environmental concerns, and the whole set of issues related to refugees. These issues have been around for a long time, but in the last few years they have moved much higher up on everyone's agenda. Not too long ago there were no separate bureaus in the State Department to address these issues; each now has its own bureau.

The struggle against drug trafficking is one in which every nation on this planet has a stake. Virtually every agency of the government is involved in some way in this battle. We seek to reduce the demand for drugs on American streets, and to reduce the supply of drugs from their sources and transmittal points. Domestic agencies focus on reducing the demand on the consumer side of the drug equation, but we are also vitally interested in internationalizing the effort against the drug lords. We are deeply concerned about the corrosive effects the drug business has had on the political and social institutions of many nations, and the Department of State is playing a major role in our efforts as a nation to reverse these trends.

Environmental issues are another area where every citizen of the planet is affected and where the Department is playing an increasing role. These issues also involve institutions and political processes in new ways, as the legal challenge to the most recent space shuttle demonstrates. Science and technology, oceans and fisheries, health and natural resources, and population matters are areas of specialized knowledge which impact more heavily now on the Department's agenda than ever before, and which require "in-house" experts to address.

The tremendous, poignant increases in the world's refugee population also present a special challenge to the State Department as it exercises its role in foreign affairs. Our national desire to assist in this important area has never been in doubt, but we are reaching that point where our ability to help is encountering real constraints simply because of the enormity of the problems. No area of the world is exempt from refugee problems, and our programs and operations in this field reflect the universality of the crisis. And almost every American who has seen—if only on television—the large crowds outside our Embassy in Moscow, the camps and the boats of Southeast Asia, and the incredible suffering in Africa must realize that more needs to be done.

These three areas involve not only governmental activity but also nongovernmental efforts. In each of these areas, private citizens, acting individually or collectively, are engaged in major efforts unconnected with government activity. The size and scope of the nongovernmental dimension of these transnational issues is a relatively new phenomenon, and one which generates requirements of its own for the Department.

Technological advances have also altered the very basic ways by which we conduct our everyday business. Most State Department officers had not even seen a word processor 10 or 12 years ago. Now virtually everyone at our overseas posts and here in Washington—yes, even Under Secretaries of State—would be lost without them. Electronic mail and facsimile machines are not far behind in the impact they are beginning to have on the way we do our business, and we need to start using these tools better as well.

And lastly, let me underscore another serious area of our changed environment which impacts on literally everything we do: money. As the list of tasks assigned to American diplomacy has expanded, the amount of resources available to accomplish these tasks is diminishing. And within those resources that are available, what we can use for increasingly important operations is especially vulnerable.

So, while my list has not been exhaustive, I believe I have highlighted some of the more significant areas where the policy environment in which we live impacts on the institution which must be at the forefront of our Nation's international relations. From this list I would draw the following principal conclusions:

—The successful development and implementation of foreign policy requires many skills and areas of knowledge which simply did not exist earlier.

—Bureaus and offices at State which deal with specialized issues are increasing in number, and are likely to continue increasing, unless we find ways to incorporate their focus in existing ones.

—The activities of these specialized bureaus and offices require increased coordination with the geographic and resource bureaus, with other agencies of government, with the Congress and with the private sector.

—Many policy activities, such as those involving economic and financial issues, increasingly have a regional or multilateral focus. This development renders our work in these areas more complex, more specialized and more difficult.

—Our organization has not kept pace with many of these developments: we have added new elements, but left many of the old ones unchanged; we have become more operational in recent years, but our chain of command and other internal structures reflect an earlier, simpler environment.

II. Institutional Context

The structure of the State Department and the way it performs its tasks have of course undergone significant change, largely as a result of coping with this evolving environment. But there remain many challenges which have not yet been fully addressed; the Department will be taking these on in the months and years ahead. I would like now to turn to some of the more significant items on our agenda.

1. *We need to improve our overall management.* I believe it is time to ask ourselves some very hard questions about the way we manage our relatively costly overseas establishment; I will have more to say on this later. When we have major projects involving several different offices, for example in our building program, we must have a single project manager, with sufficient authority, who is clearly responsible and accountable. We need to look seriously at the size and scope of all of our programs, and to determine if all of the functions we perform are necessary and, if so, whether they belong where they are now. As part of this process there needs to be an examination of the Department's workload in detail, we need to determine how to perform the work in the most efficient and effective manner possible, and we need to decide who should be doing the work in question. There are some

respected analytical tools used in the private sector which I believe might be useful in this process; I plan to employ them in the Department.

2. *Diplomatic security issues are more important now than at any other time in history, and must be addressed in a responsible manner.* We confront an increasingly unfriendly environment with several kinds of threats: terrorism, hostile intelligence operations, personal violence and crime, and threats to our communications and information integrity. Important in this regard, however, is the need to apply good management techniques and rigorous common sense as we do so. What this will mean, among other things, is that security programs and operations will be carefully tailored to threat levels at individual posts. We will seek to enhance our focus on security needs without losing sight of the needs of diplomacy.

3. *Our personnel structures and procedures need to evolve further to meet both today's and tomorrow's challenges better.* There are organizational changes that must be made, as well as refinements in the way we recruit, train and assign people. We must constantly seek balance between the requirements of the institution and needs of individual employees. And we need to build upon the progress to date with regard to equal opportunity and affirmative action.

4. *Communications and other information handling technologies have altered the most elemental aspects of our work, but I am not satisfied with our use of them.* The systems and equipment used in these areas are in great demand, and their cost is usually significant. We have not aggressively pursued using modern technology to the fullest. At the same time we must advance the capabilities of our information infrastructure through such measures as putting in place in a timely manner an improved system like DOSTN—the Department of State Telecommunications Network—which is in its initial stages of development and installation.

5. *Our national overseas establishment is widespread and costly, and needs to be managed more efficiently.* The United States has an embassy in virtually every country with which we have diplomatic relations, and we want to maintain that presence. To manage our overseas establishment properly, we have developed new systems like the Special Embassy Program (SEP) and the Special Consulate Program (SCP) which allow us to perform essential functions *and* control bureaucratic growth. To keep the scope of our operations as broad as it is, we must control its scale in a better manner. In brief, the overhead and security costs of our overseas posts cannot be allowed to grow to the point where they threaten basic functions. These areas and the related issue of the proper size of our diplomatic presence abroad need to be given a no-nonsense examination.

6. *We need to take a longer-term view in our program planning.* The short-term planning syndrome has affected resource allocation in the Department, and the government at large for that matter, in distinctly negative ways. We should be taking a longer view, and where possible go beyond the 1 to 2 year planning which is inherent in the Federal budget process at both ends of Pennsylvania Avenue. I believe we can work together with the Congress on these problems, and come up with practical answers that meet both your and our concerns.

III. Specific Changes Needed to Meet These Challenges

There are a number of changes within my areas of responsibility which are needed now to help the Department meet the challenges I have outlined. Some are being put in place now; others are still needed and will require the understanding and the cooperation of the Congress to implement. There are six general areas which I would like to mention today; all are related to the problems and opportunities I have already addressed. They are: money, organizational structure, personnel, information management, security, and properties. I promise to be as succinct as possible, and trust that we will be able to go into the details which interest you most following my formal remarks.

One point made earlier is worth repeating, however. I see all of these areas as part of an interdependent system, a closed system if you prefer. Weaknesses in one area have an adverse impact on all of the others; conversely, improvements and changes in one area facilitate improvements and changes in the others. I thus hope that we will be able to effect the changes I believe are necessary as an integrated whole.

Document 6

Money:

For improved financial management and planning, I believe we now have the basic structure in place that we need. The Office of Management Policy has been placed under the Department's Chief Financial Officer. This change will unify under one manager the planning, budgeting and financial operations as well as the evaluation function which I need to advise me on how things are working out in practice.

This office, which I hope to make into the Bureau of Financial Management, will be the locus for the analytical work we need to evaluate all of our programs and operations, and will use some of the techniques I mentioned earlier in doing so. If we are to effectively control the amount of money we spend, we must ultimately control the growth of the institution's workforce. To do that, however, will require limiting the workload. Consequently, I have asked this office to manage an "activity value analysis" study, first of the areas which I supervise and then of the whole Department, to determine the most efficient and effective way of performing essential functions, to give us a clearer view of other functions which we may or may not wish to continue, and to identify those work products which are redundant or clearly nonessential.

Organizational Structure:

Earlier I talked about the need to reexamine our basic structures in the Department to rationalize and update them. We currently have a chain of command and bureau structure which do not allow for effective control. We have had success in past months in channeling paper flow through Under Secretaries, without sacrificing direct access to the Secretary when needed. But in addition we still need to look seriously into organizational structure.

Some of your colleagues in the Senate have similar ideas. Section 125 of the Senate version of the Foreign Relations Authorization Bill contains a requirement that we carry out a major structural and organizational study, the results of which would be reported to you. I really believe that it will be much better to effect organizational changes based on the results of this study, as well as on your own ideas, rather than have specific changes mandated prior to its conclusion in the conference on the State Department authorization bill. Be assured that we will consult extensively with you and your colleagues in the Congress throughout the entire process.

Staffing by all agencies at overseas posts is also an area we need to study for reasons of security, diplomatic profile, and responsible management. For our smaller posts, I believe that we should expand our Special Embassy and Special Consulate Programs as appropriate so that growth of these overseas posts does not just happen but rather is examined carefully and at a high level. Frankly, in my opinion, it will help if we can avoid the temptation to resolve bureaucratic battles by mandating through legislation the presence of specific representatives of specific agencies at certain posts. These battles typically arise from conflicts between the desires of agencies to have representatives abroad and our need to control the size of posts for diplomatic, security, or cost reasons. If you believe we are overlooking real needs, please talk to me first. And on a related subject, we must also find a better way to share the administrative burden of overseas posts among all of the U.S. Government agencies represented there.

Personnel:

A good personnel system must strive to place the right people in the right positions at the right time, while balancing the managerial needs of the system with employee interests and preferences. To achieve these goals, we need to revisit the implementation of the Foreign Service Act of 1980[2] as it relates to current conditions.

First, we must recruit the right people—in terms of both skills and representativeness—and have them "on-line" much more quickly than we have done in the past. Losing attractive candidates to other employers is a luxury we cannot afford, especially when we place much higher demands on them in terms of conditions of service than do most of our competitors. The Foreign Service still represents an attractive career to many young people, but they can be discouraged by having to wait far too long for offers of employment.

Second, we need predictable and sensible career paths for our people. These must feature the right mix of stability and challenge, and must provide for growth by requiring that there be progress through increasingly responsible and challenging jobs.

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[2] P.L. 95–465, approved October 17, 1980, 94 Stat. 2071.

Third, and related, we need a better mix of relevant training and assignment, with the two fully integrated from the beginning. Training will need to be keyed more completely with individual careers, and must reflect more directly what the jobs require. It must be designed as an inherent part of employee development, not as an "add on." Assignments must be made well in advance, so that they can be meshed with appropriate training. We will also make sure that we have the right kind of training programs—whether for languages or analytical skills or technical expertise—needed to deal with foreign policy requirements. Our commitment to having the best possible training, and to the new Foreign Service Institute campus where these programs will be carried out, is serious and firm.

Fourth, we are absolutely determined to have a Foreign Service and a Department which place equal weight on representativeness and competence. It is manifest that we must build on the progress of the last decade, which has been substantial in recruiting women and minority group members. We must also ensure that they continue to advance through the ranks and are fully represented in our polls of future recruits. We are now conducting a thorough review of our entrance procedures, including the written examination, to eliminate any trace of bias which may in fact exist.[5] We are attempting to reconcile the rights of those with physical handicaps with the demands of service abroad. Ed Perkins, the Director General, will tell you more about these subjects next week.

Fifth, we need a personnel system which balances system requirements and the needs of individuals. Assignments, for example, must be made in a way which result in properly trained individuals arriving at post with a minimum of gaps, while sharing equitably the burdens of service in less attractive posts and positions. Our whole approach to manpower planning must be rethought to equip us to provide more efficient use of the resources which we have.

In order to begin to do what is necessary, I believe that the Department should consolidate all of its personnel-related activities under the authority of the Director General of the Foreign Service, who is also the Director of Personnel. These offices would thus report to me through him. Recent studies led by former Assistant Secretary John Thomas and, at my request, by Ambassador L. Paul Bremer have pointed out a number of problem areas which need our urgent attention;[4] we are undertaking a systematic review of both our Foreign Service and Civil Service structures to determine exactly what needs to be done. We will also look at three categories of employees who rarely get front-page attention: Foreign Service Specialist Employees, our all important secretaries, and Foreign Service National Employees at overseas posts. There are other "in-house" management problems in the personnel area which need attention too, for example the so-called "gap problem" which I cited earlier whereby we have increasingly long periods of time between the departure of one officer and the arrival of his/her replacement.

We are a "people agency," and they are our greatest asset. We are committed to continuous review in this important area, so that we can provide the nation with the kind of diplomats it must have.

Information Management:

In my view the Department should have a single information network to generate, clear, coordinate, and move documents worldwide electronically. Information is truly the lifeblood of the Department and is critical to its mission. One out of every seven employees of the State Department is directly linked to information management on a full-time basis. These activities typically constitute about 20% of our budget for salaries and expenses.

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[5] Two Department of State Notices, April 20 and June 16, respectively, informed Department employees of decisions handed down by the U.S. District Court for the District of Columbia in class action suits brought by women in the Department. The court found that the Department had practiced discrimination against female employees on the basis of sex, particularly with relation to the written portion of the Foreign Service Entrance Examination.

[4] Both studies were completed in May and submitted to the Department. The Bremer panel, established by the Department, studied the question of Foreign Service generalists. The executive summary of the Bremer panel report is printed in *State Magazine*, June 1989, p. 16. The Thomas Commission, established by congressional mandate under the title of the Commission To Study the Foreign Service Personnel System, addressed its report to both Congress and Secretary Baker. Excerpts are printed *ibid.*, July 1989, p. 15.

Document 6

The information age has raised common opportunities and issues for all knowledge-based organizations, and the Department is no exception. Information, our major work product, is a resource to be managed like any other valuable asset. Our proposed structure for doing this is a single information management organization having three main components: information services, planning and development, and systems operations. The goals of the organization will include improved and increased services for all users, managing information throughout its "lifecycle," improved office automation and developing an MIS strategy for corporate systems.

As you can imagine, there is an almost insatiable demand for unclassified and classified word processing and electronic communications equipment in an organization which must link the Department, other foreign affairs agencies, and all of our overseas posts. As we attempt to rationalize our IM organization and satisfy these demands in the most efficient and sensible way possible, we are concentrating on several major programs:

—the Department of State Telecommunications Network (DOSTN)

—the Foreign Affairs Information System (FAIS)

—the Information Management Center, Beltsville

—reducing the backlog in responses to FOIA[5] and Privacy Act[6] cases.

Security for this network has to be a "factory installed item"—not a retrofit. The same rationale applies to our construction program, which I will address later. But unlike construction, where one can separate security standards and architecture in the total process, the state of the art requires that the information network have security built in and at all stages, starting from the very beginning.

We need also to improve our communications facilities and assure, to the greatest degree possible, that they are compatible with others. In developing the information network as we improve our communications, we must also ensure that we have a strong project management capability—responsibility and accountability must have a single locus.

The organization we have proposed to you through a recent notification letter, which merges IM and DS, in my opinion is the best answer to these needs for now. I hope we can count on your support for it.

Security:

The Department must and will continue its current security emphasis with no diminution or dilution, whether the focus is protecting our people, our information, or our buildings. One new emphasis is that I believe we should expand our concept of security to integrate it with information management, at least for the near term. Overseas security, for our people and our properties, is vital, but we also have to develop standards which serve as practical guidance and not as strait-jackets. Site-specific additions to basic security standards will allow us to tailor security to threat-levels at individual locations. This is sound management in my view, and also a compelling budget reality.

Physical security projects have been the subject of many conversations and testimony elsewhere, so I do not plan to discuss this subject in detail today. As former Chairman Mica has found, the Department has made enormous progress in both its physical security programs in recent years as well as in its security awareness. And as you know, the Secretary recently established within the Office of the Inspector General a separate "Office of Security Oversight" to follow these issues. Counterintelligence efforts by the Department, especially at critical and high intelligence threat posts, are increasingly important elements in our security structure. We will of course continue counterintelligence training, both for security professionals as well as for all employees assigned to high-threat posts.

I have focused thus far more on things rather than people, but personal security is also very much on our minds. We continue to conduct residential security surveys around the globe—within the past 3 years we have completed residential security upgrades at over 125 posts. We have also implemented a new automated management system for mobile patrols at 25 posts, and we intend to continue the "local guard program" for residential security as well.

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[5] Reference is to the Foreign Affairs Information Act, P.L. 93-502, approved November 21, 1974; 88 Stat. 1561.

[6] P.L. 93–579, approved December 31, 1974; 88 Stat. 1896.

Properties:

My view of property management is that the Department should have all of its property operations, foreign and domestic, in one bureau, under an assistant secretary with primary responsibility for and experience in government construction and property management. We also need a cleaner break between setting security standards for the building process and implementing the programs necessary to comply with those standards. One of our goals is to reduce the cost of our new buildings, but to do so will require site-specific standards which have been critically evaluated throughout the process. And, as I have noted elsewhere, a strong project management structure is imperative in this area.

Our basic goal on buildings is to construct or rehabilitate more of them faster. Each new construction project should have a "Life Cycle Project Management Plan;" our organization should have a staff adequate to provide the technical and management skills necessary to administer the program professionally. I also hope that by the time we work on the FY 1992 budget we can achieve a joint executive branch and legislative branch commitment to a sustained funding level for the construction program (i.e., to guarantee sufficient funding to sustain workload and program schedules and to explore various contracting approaches which might allow more construction starts within the annual funding levels). To carry out such a program effectively we will need more personnel with experience in construction management, and to manage our overseas properties professionally we will need more personnel with experience in real estate management.

Maintenance of our existing facilities, both overseas and domestic, is another vital element in our properties strategy. We need to systematize our maintenance activities and organize them according to a life-cycle basis. This is true of our main State Department building, but will also be required for all of our properties worldwide.

Lastly, we plan to institute a systems management approach to major procurements for the Department, and hope to do so by the end of FY 1990. Our procurement activities need to be both responsive to our needs, while remaining consistent with the law and common sense.

Mr. Chairman, my comments have been somewhat general but I know that others will be discussing some of these subjects in more detail. Director General Perkins, as I noted earlier, will be our principal spokesman on personnel issues, and Assistant Secretary Krys will be doing the same later on with respect to security and information management.

I would, however, like to end this presentation by reiterating one point made earlier and adding a personal note to it. You should all know that the Secretary, the Deputy Secretary, and the Under Secretary of State for Management have a solid commitment to seeing that the Department continues to progress with regard to equal opportunity and affirmative action. I believe the Department's record is good, but it can obviously be made better in the years to come. So, while there is undoubtedly an institutional commitment to accomplishing these goals, I want you to know that I will consider these goals as one of the most important elements in my personal portfolio as well.

Mr. Chairman, if you and your colleagues on these subcommittees would like to discuss any of these subjects now, I am at your service.

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7. Presidential Veto of Foreign Operations Appropriation Legislation

Message From President Bush to the House of Representatives, November 19, 1989[7]

To the House of Representatives:

I am returning herewith without my approval H.R. 2939, the appropriations bill for foreign operations, export financing, and related programs for the fiscal year 1990.

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[7] Source: *Weekly Compilation of Presidential Documents*, November 27, 1989, pp. 1783–1785.

I do not take this action lightly. In a good faith effort to resolve the constitutional and other problems contained in the bill, the administration has engaged in extensive negotiations with the Congress. Those negotiations have not succeeded, and serious problems remain. Consequently, I must veto this bill.

Several sections of the bill, and in particular Section 582, interfere with my constitutional authority to conduct the foreign relations of the United States. The bill would also require the expenditure of millions of dollars to support a United Nations fund that, in turn, strongly defends and supports a foreign nation's policy of coercive abortion. United States assistance to the fund reverses existing United States policy and is unacceptable.

Section 582(a) would prohibit the obligation or expenditure of funds appropriated by the Act "for the purpose of furthering any military or foreign policy activity which is contrary to United States law." Section 582(b) would prohibit the use of funds appropriated by the Act "to solicit the provision of funds by any foreign government (including any instrumentality or agency thereof), foreign person, or United States person, for the purpose of furthering any military or foreign policy objective which is contrary to United States law." Subsequent provisions include a set of limiting definitions as well as a general limiting construction for the entire section.

Although I believe that the limiting provision may allow for a constitutional construction of Section 582, the section as a whole remains sufficiently ambiguous to present an unacceptable risk that it will chill the conduct of our Nation's foreign affairs.

Section 582 appears designed to prohibit, among other things, consultation between the United States and another sovereign nation regarding actions that nation may wish to undertake. It has, however, long been recognized—by the Framers, by the Supreme Court, and by past Congresses—that the President, both personally and through his subordinates in the executive branch, possesses the constitutional authority to communicate freely with representatives of foreign governments, and to encourage foreign nations to take such actions as the President believes are in our Nation's interest. Although Section 582(e) states that the section is not intended to limit the ability of the President or his subordinates to express their views, I am not convinced that this provision is sufficient to remove all constitutional doubt concerning Section 582. There would remain an unacceptable degree of uncertainty concerning what the section is intended to cover, and this uncertainty would inevitably restrict our contacts with foreign governments. I believe that this section impermissibly circumscribes a fundamental responsibility that the Constitution had entrusted to the President—the protection of our Nation's security through a vigorous representation of our interests abroad. I believe it is neither fair nor wise to make those who formulate and execute foreign policy serve the public under a vague and sweeping prohibition.

I am sensitive to the concerns that have prompted the adoption of Section 582. I have repeatedly emphasized in my meetings with the congressional leadership that through close consultation with the Congress I intend to build a new spirit of cooperation and trust between the legislative and executive branches. Section 582, however, is inimical to that spirit of trust and would cast a shadow over the executive branch in the conduct of our foreign policy at a time when the course of world events necessitates great flexibility.

The bill would also require the use of appropriated funds to support the United Nations Fund for Population Activities, which supports and participates in the management of a program in a foreign nation that involves coercive abortion.

On October 6, 1989, I informed the Congress of my continued strong support of the Kemp–Kasten amendment, also known as the Kemp–Inouye–Helms amendment, which has applied to foreign operations appropriations since 1985.[8] The Kemp–Kasten amendment denies United States population assistance funds to any organization that, as determined by the President, supports, or participates in the management of, a program of coercive abortion or involuntary sterilization. I stated that if this bill as ultimately presented to me by the Congress contained any language which would weaken the current Kemp–Kasten provision, or exempt the United Nations fund or any other organization from its full application, I would veto the bill.

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[8] The Foreign Relations Authorization Act, Fiscal Years 1986 and 1987, P.L. 99–93, approved August 16, 1985; 99 Stat. 405.

Let me restate my strong support for international family planning programs, and my view that the United States should support such efforts so long as they do not violate Kemp–Kasten or other established policies of the U.S. Government.

Unfortunately, the Congress has inserted in the bill the so-called Mikulski amendment, which would fatally weaken the integrity of the Kemp–Kasten anti-coercion provision by earmarking funds for the United Nations fund, the only organization that has ever been determined to violate that provision. The Fund participates in and strongly defends the program of a particular foreign government which relies heavily upon compulsory abortion. This fund has received no United States assistance since 1985, precisely because of its involvement in this coercive abortion policy. The current bill thus represents radical and unwarranted change in policy.

The Mikulski amendment is rendered no more acceptable by a clause which requires the Fund to keep its books in a manner so as to prevent the direct flow of United States assistance to the particular foreign government. The current Kemp–Kasten law tells all family planning organizations that they must refrain from supporting coercive programs, or the United States will direct its resources to alternative organizations which respect the fundamental principle of voluntariness. The bill would negate this essential human rights principle through substitution of a simple accounting requirement, and I find this unacceptable. The bookkeeping provision would clearly place the United States in the position of supporting a program that in turn supports coercive abortions, a program that is inconsistent with American values. Such support would undermine our position that family planning must be voluntary and would contradict the human rights character of our foreign policy around the world.

Although these provisions, standing alone, would lead me to veto this bill, many other provisions of the bill also pose constitutional problems. The administration has discussed those provisions in detail in letters to both houses of Congress.

I look forward to working with the Congress to craft a bill that I can enthusiastically support and to passage of an appropriations bill that will facilitate our many foreign policy initiatives.

GEORGE BUSH

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8. Presidential Objection to Congressional Micromanagement of Foreign Policy

Statement by President Bush, November 21, 1989[9]

Today I sign H.R. 3743, the appropriations bill for foreign operations, export financing, and related programs for the fiscal year 1990.[10] I am signing this bill because it appropriates funds that in my judgment are necessary to support the administration's important foreign policy and foreign aid initiatives.

I appreciate the efforts of many members of Congress to draft a bill containing many provisions the administration supports. The provisions contained in the bill reflecting congressional support for the Philippines Multilateral Assistance Initiative, the Stabilization and Enterprise Funds for Poland, and my initiative to help our Andean partners in our shared war on drugs are particularly welcome.

I continue, however, to have serious misgivings as to the constitutionality and the wisdom of many provisions contained in the bill. I, of course, intend to construe any constitutionally doubtful provisions in accordance with the requirements of the Constitution.

I have been most troubled by Section 582. Section 582(a) would prohibit the provision of funds appropriated by the Act "to any foreign Government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law." Subsections (b) and (c) impose some limits on the scope of subsection (a).

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[9] Source: *Weekly Compilation of Presidential Documents*, November 27, 1989, pp 1810–1812.

[10] P.L. 101–167, approved November 21, 1989; 103 Stat. 1195.

Consistent with the expressed intent of the Congress and to avoid constitutional problems, I intend to construe this section narrowly. I agree with the view expressed on the House and Senate floor that this section is intended only to prohibit "quid pro quo" transactions—that is, transactions in which U.S. funds are provided to a foreign nation on the express condition that the foreign nation provide specific assistance to a third country, which assistance U.S. officials are expressly prohibited from providing by U.S. law. As reflected both in Congressman Edwards' statements and in the explanatory colloquy between Senators Kasten and Rudman, a "quid pro quo" arrangement requires that both countries understand and agree that U.S. aid will not be provided if the foreign government does not provide the specific assistance. The Senate record also makes clear that neither the criminal conspiracy statute, nor any other criminal penalty, will apply to any violation of this section. My decision to sign this bill is predicated on these understandings of Section 582.

Even so understood, I remain concerned about regulatory provision of this type, which can have a detrimental impact on our foreign relations. Diplomacy by its nature involves give-and-take. Many routine and unobjectionable diplomatic activities could be misconstrued as somehow involving a forbidden "exchange." Given the ease with which such activities could be so misconstrued, this type of provision can chill U.S. diplomats in the proper discharge of their duties. I believe it is neither fair nor wise for the Congress to make those who formulate and execute foreign policy serve the public under such conditions. I urge the Congress to consider whether the Constitution and the public interest would not both be better served if the Congress joined with me in building a better relationship between the legislative and executive branches, rather than micromanaging foreign policy through enactment of blanket prohibitions.

It is important to note that Section 582 does not affect the ability of the executive branch to urge any course of action upon a foreign government or any third party. In addition, the section applies only where there is a provision of U.S. law that "expressly prohibits" the United States Government, or a U.S. official or employee, from undertaking a particular action, and thus would not apply to provisions that merely limit funding to undertake such an action.

In these and other key respects, Section 582 is substantially narrower than a related provision that prompted my veto of H.R. 2939 on November 19, 1989.

I also am compelled to note my serious concerns regarding the extensive earmarking of funds in the bill. This degree of earmarking will vastly complicate my ability to fund key programs and will hamper U.S. efforts to meet its responsibilities to important allies and friends. I believe that the conduct and effectiveness of U.S. foreign policy would be promoted by the elimination or sharp reduction of the level of earmarking, and I intend to work with the Congress to reach this objective.

GEORGE BUSH

Chapter 3. National Security Policy

9. Review of Management, Strategic, and Personnel Issues at the Department of Defense

Press Conference by the Secretary of Defense (Cheney), March 24, 1989 (Extracts)[1]

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SECRETARY CHENEY. Good morning. I don't come today with any special announcements or any major news that I want to make. I'm here because I thought it was time to have the first get-acquainted session, if you will, with the professionals covering the Pentagon. I thought I'd take just a minute and tell you how I've spent most of the last week and then I'll open it up to questions and respond as best I can to whatever concerns you might have.

I've been on board now roughly a week, a week ago today that I was confirmed and sworn in.[2] The bulk of the time has gone to personnel matters. We're making a fair amount of progress in terms of making decisions on filling key slots. I hope to be able to go to the President next week with the first package of recommendations with respect to senior positions in the Department.

In addition to that the budget review is ongoing. We've had several sessions this week with respect to the budget, trying to respond to the President's mandate that we come up with another $6 plus billion, that includes a couple of sessions with him as well as on the more general overall subject of the budget.[3]

The third general area that we've focused on is the management review process that is underway. I've had a fairly extensive briefing on the status of that effort from Paul Stevens and Don Atwood,[4] the men looking at it.

Finally, of course, is the strategy review—those papers are now just beginning to come in and I would expect to spend a fair amount of time on that as well.

But clearly the two foremost priorities for me this week and certainly for the next week or two to come are going to be in the area of personnel and budget.

With that, I'll stop and be happy to respond to questions.

Q. While your strategy review is ongoing and you say you're just now getting papers. We also are seeing quite a number of reports now about a compromise on the MX–Midgetman debate being formulated and even accepted. Could you tell us where you stand on that and are we in fact close to a compromise in those two weapons systems?

A. I have as yet made no decision with respect to the question of ICBM modernization. All of our options are open. We went through a session just yesterday afternoon on that question, or day before yesterday I guess. The President has not yet made any decision on it. To say that a compromise is near, I think, would be premature.

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[1] Source: *Public Statements of Richard B. Cheney, Secretary of Defense, 1989*. The press conference was held at the Pentagon.

[2] Following the Senate's rejection on March 9 of President-elect Bush's nominee for Secretary of Defense, John G. Tower, by a vote of 53–47, Cheney was nominated by the President on March 10, confirmed by the Senate by a vote of 92–0 on March 17, and was sworn in on March 21.

[3] In an address to a joint session of the Congress on February 9, President Bush presented his revised fiscal year 1990 budget, which reduced the Reagan administration's budget proposal of 2 percent real growth in military expenditures to none. For text of his address, see *Weekly Compilation of Presidential Documents*, February 13, 1989, pp. 177–183.

[4] Paul Stevens headed the Department of Defense's management review, and Donald J. Atwood was Deputy Secretary of Defense-designate.

Q. General Welch, the Chief of Staff of the Air Force, apparently has been up on the Hill working this program himself. Is that a change of policy for the Defense Department to have a Service Chief negotiate his own strategic system?

A. General Welch was freelancing. He was not speaking for the Department. He was obviously up there on his own hook, so to speak.

Q. Do you accept that?

A. No, I'm not happy with it, frankly. I think it's inappropriate for a uniformed officer to be in a position where he is in fact negotiating an arrangement. I have not had an opportunity to talk to him about it. I've been at the White House all morning. I will have the opportunity to discuss it with him and I will make known to him my displeasure. Everybody's entitled to one mistake.

Q. Without anticipating the decision, but could you comment on two central features of the MX–Midgetman thing. First of all, your current view of the window of vulnerability question. And secondly, discuss both the Midgetman and MX in the broader terms of the critical issues that you see.

A. The window of vulnerability has been there for a long time. I can remember the 1980 campaign when there was an enormous amount of attention devoted to the question of how we deal with the vulnerability of our land-based systems. We have never really solved that problem. Mobility, obviously, is the key. I have stated previously and continue to believe that it's very important that we add that element of mobility to our land-based force.

We're looking at two basic options: rail garrison for basing the Peacekeeper; and the small ICBM. In the ideal world you'd do both. Obviously, I'm not sure we currently are in the ideal world. Budget pressures are going to enter into it. I think rail garrison makes a lot of sense because it's a system that we've already got. It's the lowest cost way to get mobility. We could do it in a relatively short period of time.

On the down side obviously for rail garrison, is the warning time to put the missiles out of garrison, and that's an important consideration. I think the other issue you have to look at with respect to rail garrison is the question of public interface. How do you exercise the system without creating problems in terms of the public at large.

Finally, I suppose, the issue that some have raised is would a President in a crisis be prepared to mobilize the system, if you will, to send the trains out on the tracks, or would he be concerned that that in and of itself might precipitate some untoward action on the part of your adversary.

Small ICBM has a lot of appeal because it would have much shorter warning time. It offers the possibility of various basing modes. Even the desert southwest, the possibility of basing on Minuteman silos. The problems with it I think focus especially with respect to cost, and how much do you want to spend to buy that extra capability it will give you?

That lays out, I think, the broad general issues we'll look at. There is a question of how big a missile do you want. Do you want one warhead or two warheads on it if you go with the small ICBM? What mix do you put together? How would you phase it in over time?

A final point, I guess I'd make, is I think it's important as we look at improving our deterrent capability, we also have to look at SDI. I would not want to be in a position where we looked at the small ICBM rail garrison question without also considering the implications for that system, and for deterrence generally of whatever we might be able to achieve through strategic defense.

So in a sense all these issues play together. They are the kinds of issues that are being reviewed within the framework of the strategy review, but we've also got to move more rapidly than that because we are going to have to make a budget decision with respect to the rail garrison, small ICBM and SDI within the next couple of weeks.

Q. Mr. Secretary, do you see any cutback in the $5.9 billion that's being sought for Star Wars in 1990 including the Energy Department?

A. I wouldn't want to predict that yet. Again, I want to emphasize—you asked me to talk about the options and the choices that I think are involved in the ICBM case, and I'm happy to do that. I'm not in a position today to be able to say we're going to spend X amount on any one particular system. I will obviously go to the President with a set of recommendations, and he ultimately will decide what submission we make to the Congress as a result of the mandate we have to cut an additional 2 percent out of the budget.

. . . .

Q. My question is, given your 5-year budget of 0–1–1–2, and I presume you're thinking of a 2 percent increase for 1994 as well, do you have a fall-back position? Or as you take over this job are you assuming that that's the line in the dust and you will fight to the end for that amount? Or do you have a contingency plan that you may end up with zero growth from your old colleagues?

A. I would hope that we would be able to get from the Congress the level of funding the President has requested. I think it's important that we not have a real decline in defense spending. It's my intention to argue as aggressively as I know how, both within the administration as well as on Capitol Hill, the importance of not going below the figure the President has requested and indicated he will support. I don't think at this point that it's all that helpful for me to talk about alternatives or fall-back positions.

I want to emphasize for both the administration, but especially for the Congress, that there are real consequences of lower levels of defense spending. Obviously, in the final analysis the President and the Congress are going to make a decision. We will abide by whatever that decision is. We have no other option. We'll take the resources they give us and do the best job we can of doing the job they expect us to do for them. But it's important for Congress and the public to understand that you cannot squeeze another 2 or 3 or 4 billion dollars out of the defense budget without meaning you're going to have to reduce readiness or you're going to have to cut back on procurement of key systems or that it will affect force modernization or that will affect the quality of life issues. I see it as my obligation as we go through this process to make certain that everybody understands that, especially the people who are going to have to make the decisions like the President and the Congress.

Q. Are you looking beyond '90? Are you doing the whole 5 years at this time?

A. The immediate thrust, obviously, is '90, but I don't think there's any way to do that without taking a longer view on the consequences down the road of how you decide to cut now are very important, very significant.

Q. In your mind, what is the link between the budget, this year's and future year's, the strategic review that is going on and will be out of this building by the end of the month presumably, and the changes taking place in the Soviet Union?

A. Under ideal circumstances, I think the best way for us to take advantage of the changes that are underway in the Soviet Union is to maintain a posture of undiminished strength. In terms of negotiating, for example, a conventional arms agreement with respect to Europe or possible reductions in strategic forces, that it's very important that the President and his key officials go into those negotiations with a strong hand, and the strongest possible hand we can give them is to maintain our defense capabilities.

It would be unfortunate if the budget questions that we're now faced with drove us to make adjustments, for example, in force levels or deployments, that really ought to be attained through a bargaining process at the negotiating table with the Soviets. If we're forced by budget pressures to make unilateral decisions in effect and not get anything for them in terms of negotiations with the Soviets, that would not be in our interest. All of these things obviously do play together.

When you talk about the strategy review, it's one thing to look at our current commitments and obligations around the globe and to look at our forces and capabilities. With the world as it is or has been for the last few years, it's very difficult to project what the world might look like 5 years hence in part because of the changes that are underway in the Soviet Union.

But as I said in my swearing in statement the other day,[5] I feel very strongly that now is not the time for the United States to begin operating on the assumption that suddenly this is a safe and peaceful world and we no longer have to maintain our vigilance or our deterrence. I think the track record of the last several years is abundantly clear. When faced with the determination by the United States and our allies to deploy the intermediate range forces in Europe, the Soviets were quick to come to the bargaining table and to reach an agreement that eliminated a whole class of weapons. I don't think that would have ever happened if we hadn't been prepared to go through with that commitment for deployment.

I think now, I would hope, that the Congress will bear with us, will support the President, will give him maximum negotiating leverage so that if there is to be a fundamental change in the relationship between the United States and the Soviet Union, or if there is to be a fundamental reduction in the threat that the Soviets have presented to the rest of the world in recent years, that we're able to get as much as we possibly can out of that change. The best way to do that is not to weaken ourselves now unilaterally at home for budget reasons.

Q. Previous planning on the budget reductions seemed to be aimed at holding the procurement system, keeping the weapons coming, and if necessary sacrificing readiness and perhaps even force structure. Can you tell us what your priorities are in cutting that $6 billion?

A. I have had some discussions with the chairman and others on the question of what our priorities ought to be. I would not want today, because we're right in the middle of formulating those, to give you a final, irrevocable list of priorities. I can talk generally about the subject.

I am a great believer in the notion that we do not want to return to the situation we had in the late '70s when in effect we maintained the fiction of extensive forces but we reduced the capability of those forces because of cuts in readiness and sustainability.

I think if forced to choose, I'd rather be in a position to maintain highly effective and capable forces even if they were fewer in number than I would operate on the basis that we're going to maintain the current force structure while pursuing the notion or trying to convey the notion that somehow they're just as capable as they were yesterday.

I think personnel questions are extremely important. I think one of the great successes in recent years has been the quality of people serving in the armed forces. I think at a time when we've had a declining pool of 18-year-olds to draw from and when we have close to a full employment economy, 5 percent unemployment, that you have to be very careful not to take steps with respect to budget constraints that reduce the overall quality of life for those people that serve in the military. If you do that, it doesn't take much to tip that over so that the incentive is to depart, not to stay. You run into retention problems or recruitment problems, and I think we have to avoid that. I guess I'd put that right at the top of my list of priorities. Then you get into the other questions about procurement and what systems do you buy and so forth.

I don't want to get into a position where we make short term decisions that convey the notion that somehow there is no pain involved in these budget cuts, that result, for example, in never canceling a system, and simply lead to greater commitments down the road so that when we're faced with the next budget cycle the problem is even more severe than it is this time around. I'd rather make a clean break.

Q. Mr. Secretary, returning to the strategic area, first of all, is it important to your priorities that Congress remove any ban that's been placed on the testing of antisatellite weapons in space so that we can move ahead and develop that capability? And second, based on your own experience on Capitol Hill and also the briefings that you've availed yourself of in this building, would you characterize your own views as tending toward an early deployment of an SDI system or are you more agnostic on that subject?

A. On ASAT, I have in the past supported and do now support the development and deployment of antisatellite capability for the United States. I think it's very important. I think, especially as you look

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[5] For Cheney's statement at his swearing-in ceremony, March 21, see *Weekly Compilation of Presidential Documents*, March 27, 1989, pp. 390–392.

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to the future, we already are heavily reliant ourselves upon our own space assets. And the idea that ours would be vulnerable and theirs wouldn't strikes me as not a good one. So I would actively urge the Congress to lift any limitation on our capacity to test and develop an ASAT.

With respect to the second part of your question, which I've forgotten. Early deployment of SDI. I'd want to be an agnostic on that I think at this point, Bob. There are a whole range of issues there that have to be addressed but have not yet been addressed. There's a lot of work underway. I've had one extensive briefing on the SDI program since I've come on board. I've asked for a lot more, especially in the technical area. I'm not ready yet to make a recommendation to the President.

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10. Proposed Security Assistance Budget for Fiscal Year 1990

Prepared Statement by the Under Secretary of State for Security Assistance, Science and Technology (Bartholomew), May 2, 1989[6]

It is a pleasure for me to appear before you to discuss the administration's proposed security assistance budget for fiscal year 1990. I look forward to working with you in the coming months and years on security assistance legislation, as well as on the broader policy issues affecting our national interests.

As Secretary Baker has noted, we live in a time of extraordinary dynamism and progress in international relations. While the Soviet Union undergoes a series of transformations unique in our modern relations with that super-power, simultaneously democracy seems to be taking root and flourishing in many countries where its future had seemed doubtful in the recent past. In addition, many regional conflicts which had seemed all but impossible to resolve just a few years ago are now moving toward resolution, influenced by creative and persistent American diplomatic action.

At a moment when so many positive developments are occurring, peoples and governments throughout the world naturally hope that present trends will continue. It is a time when cautious optimism has begun to take root in many parts of the globe. The U.S. response to these changes is under discussion in many areas. Today I would like to comment on the role of security assistance in responding to this rapidly evolving situation.

The trends we see in world affairs are no accident. They have been significantly shaped by the efforts which the United States has made over four decades to build and sustain alliances and cooperative relations with friendly nations around the globe. If we are now to sustain the current positive trends, the United States must continue these efforts. Cooperative relations with strong, self-reliant friends and allies will provide the necessary strategic underpinning for our security in the future.

If this proposition is correct, then security assistance becomes even more important than in the past, serving as a vital tool to support stability, maintain cooperative relationships, enhance access and influence, and oppose threats to U.S. interests. We face the onset of an era in which threats will come from a greater diversity of sources, whether through regional conflicts, international terrorism, or the corrupting influence of the global traffic in drugs. We will need resources to confront these and other challenges to our national interests.

As the members of this committee are aware, the size and thrust of our security assistance program has altered significantly over time, in response to the changing nature of the dangers facing the United States in the global arena.

—Immediately after World War II, and through the 1950s, U.S. security aid in its many forms was primarily devoted to assisting our close allies to rebuild economies and defenses, in the context of a sharply-delineated East-West confrontation. The success of these efforts is history. The United States helped bring into being a self-sustaining structure for peace in Western Europe and East Asia. It was one of the most fruitful investments this nation has ever made, and it continues to yield dividends.

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[6] Source: *Foreign Assistance Authorizations for Fiscal Year 1990: Hearings Before the Committee on Foreign Relations, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), pp. 37–49. Claiborne Pell, chairman of the committee, presided over the session.

—Subsequently, the emphasis of our security assistance programs shifted to the support of friends and allies in the developing countries. In the 1960s and 1970s, security assistance was largely devoted to problems of regional stability, the building of national forces, and strengthening of the economic base of friendly countries.

—In the latter part of the 1970s, particularly with the Camp David accords,[7] the weight of our programs shifted again, reflecting our commitment to the goal of Middle East peace. This effort in no way supplanted our commitment to supporting friends and allies in other important regions, but it had an undeniable impact on relative budgetary emphasis.

In this context, let me address the general question of U.S. base rights and access relationships with friendly nations, in southern Europe, the Horn of Africa, East Asia, and elsewhere. The present structure of U.S. overseas installations and access agreements is vital to our foreign policy and national security interests. While some changes in basing patterns would certainly be possible in future years, these facilities continue for the most part to serve very important U.S. needs, for which ready alternatives are not presently available.

Furthermore, the bases and other facilities to which we currently have access form part of larger cooperative relationships in our mutual security interests. There are a number of distinct elements to such relationships. The strength and economic well-being of foreign friends and allies benefits us as well as them. Each nation furnishes what it can, whether in the form of bases, military forces or other elements of the security equation. Our own contributions to the structure of deterrence and defense also take many forms, such as troops, monies, or physical facilities; each of these also provides mutual benefits to both parties. What we are saying is that it is in the intrinsic interest of the United States to have, for example, a strong Portugal, Greece, Turkey, or the Philippines, all fellow democracies and members of the community of free nations. To this larger end, we provide security assistance resources to these and other countries.

Real needs are being met by these programs. And when that need ends, funding ceases, as has occurred in the 1980s with Spain and Korea. In each case, of course, our mutual security interests persist, as does a broad and ever-expanding nexus of relationships, based on the concept of a mature partnership. A sustainable, cooperative relationship, whether or not it involves the element of financial transfers, is one from which both partners benefit, yet also one in which each is sensitive to the needs and interests of the other.

My point, in citing these specific examples, has been that our security interests with a number of regional partners will continue to be very important for the foreseeable future. And, in the broadest sense, our strategic posture equates with the places to which security assistance funding is directed. Our overall objective, as I noted earlier, is to build viable cooperative relations with strong, self-reliant countries, for valid strategic reasons.

As you may know, the administration recently submitted its package of legislative initiatives to the Congress. The purpose of this legislation, in large measure, is to seek greater flexibility for the executive branch, in the service of our foreign policy and national security interests. At a time of severe resource constraints, our proposals also attempt to stretch scarce assistance funds. I wish to cite briefly two of our substantive proposals:

—A "Fair Pricing" plan, building on last year's legislation benefiting Israel and Egypt, which would bolster U.S. competitiveness in the defense export market, while relieving all FMS customers of charges for various costs incurred by DoD; and

—An extension of authority for the NATO Southern Region Amendment, which has proven to be a valuable tool for aid to three key NATO allies: Portugal, Greece, and Turkey.

As you are well aware, Mr. Chairman, the military assistance and economic support elements of our security assistance programs are used to further a number of mutually reinforcing goals. These include:

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[7] For texts of the agreements signed by Egypt and Israel on September 17, 1978, see *American Foreign Policy: Basic Documents, 1977–1980*, pp. 655–657.

—Enhancing the ability of U.S. security partners to deter and defend against aggression and instability;

—Maintaining the cohesion and strength of our alliances;

—Developing sound military-to-military relations that support our diplomatic strategy and enhance U.S. influence and prestige;

—Promoting regional stability;

—Contributing to our access to military bases and facilities abroad, thereby maintaining the strategic mobility of U.S. forces;

—Strengthening the economies of key countries that are attempting to adjust to heavy debt, depressed commodity export prices and other startling changes in the global economic environment; and

—Providing support for emerging democracies, while defending existing democratic institutions and values in other countries.

Security assistance underwrites U.S. commitments and supports important U.S. interests in many nations, responding to an ever-changing world environment. Helping foreign countries to defend themselves, and to counter domestic threats from terrorists, guerrillas, and narcotics traffickers, also contributes importantly to our own security. It is more effective—and less costly in the long term—than using U.S. military personnel for the same purposes. To equal the military effect of friends and allies who are "on the scene", we would have to spend much more on U.S. military personnel, mobility, and logistics.

At a time of strained budgets, security assistance becomes even more important. In the future, the United States will rely more on friends and allies around the world to share the common defense burden. Security assistance will remain a major tool for encouraging and enabling them to do so. But security assistance is not a philanthropic effort; it has beneficial domestic impacts. Jobs for Americans and support of exports which benefit the U.S. economy are direct results. The program also makes possible economies of scale in procurement for the U.S. Armed Forces (such as longer production runs) which convey both military and economic benefits. Above all, security assistance is a wise investment in our overall national security and well-being.

Despite its importance, funding for the U.S. security assistance program has been cut repeatedly, beginning in the mid-1980s. Since FY 1985, the program has been reduced by a third from approximately $12 billion to $8 billion in FY 1989. Along with this reduction in funding has come an increasing tendency for Congress to earmark funds for particular countries. In fiscal year 1989, 98 percent of ESF and 94 percent of military aid were earmarked. This continued a trend of increased earmarking underway since the mid-1980s, when about 50 percent of security assistance funds were earmarked. The effect of earmarking has been to reduce dramatically the funding available for allocation by the administration to non-earmarked countries, and therefore to limit our flexibility.

Declining funding for security assistance programs, together with congressional earmarking, has forced us to terminate or seriously underfund many unprotected programs. The results have been felt most acutely in Africa and Latin America. Overall, the administration's ability to use scarce resources to meet foreign policy priorities has been greatly reduced. In response to pressures to reduce the budget, the administration in recent years has presented smaller, more austere security assistance budgets, and worked with foreign nations to plan activities more carefully while seeking from Congress greater flexibility in order to increase program impact. Congress has responded by improving the financial and repayment terms of security assistance programs. ESF, which previously included loans, is now an all-grant program, while FMS is provided either at concessional rates of interest or as grants. This helps. But earmarking and other restrictions remain serious impediments to the design and implementation of policies and programs to serve our vital interests.

Last month, the President and the Joint Leadership of the Congress reached bipartisan agreement on levels of spending for the Government as a whole for FY 1990.[8] Included in that agreement is a provision which both sets and protects a level of spending for International Affairs—Budget Function 150—at $19.0 billion in Budget Authority and $17.0 billion in associated outlays. As these agreed levels cannot accommodate all Function 150 priorities justified to the Congress by various agencies for foreign affairs programs, the administration is now reviewing and refining its request to assure that our most pressing foreign policy and national security needs are met. I cannot tell you today what changes we will be proposing to the Congress. However, the prospect that we may not be able fully to meet all requirements for security assistance justified to you today underlines the importance of your giving the President maximum flexibility to design and implement foreign assistance programs, without excessive earmarks or other restrictions.

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[8] For text of this agreement, April 14, 1989, see *Weekly Compilation of Presidential Documents*, April 17, 1989, pp. 553–555.

The administration's FY 1990 budget request for the security assistance program is the product of careful analysis. It represents an effort to define clear priorities in the face of limited funding. We are focusing on a few areas of priority policy concern. At the same time, our request maintains the overall balance in foreign assistance between military and economic aid programs, with approximately 65 percent for economic and 35 percent for military aid.

Our request would increase ESF by less than 3 percent and military assistance by 7 percent over FY 1989 allocation levels. At $5.1 billion ($5 billion in FMS financing, $40.4 million for MAP General Costs, and $54.5 million for IMET), our FY 1990 military assistance budget request represents only a modest increase over last year's $4.9 billion request, of which Congress appropriated $4.7 billion. In addition, we seek a small increase for the valuable IMET program.

The ESF program fared better last year, suffering a cut of only $22.5 million. This year's budget proposes a very modest increase in ESF, to $3.3 billion, from last year's $3.2 billion request. At less than 3 percent, this is not even enough to keep up with inflation.

As you are aware, ESF is a particularly valuable resource, as it enables the United States to address directly economic policy constraints to development in many countries. Depending on the needs of individual recipient countries, it can be provided as project assistance or in macroeconomic form, i.e., cash transfers or commodity import financing. Country allocations of ESF respond to U.S. geopolitical and foreign policy interests. AID is responsible, under the direction of the Secretary of State, for design, implementation, and accountability of ESF programs and projects.

As in prior years, major recipients of ESF will continue to be Israel, Egypt, Pakistan, the Philippines, and other base rights countries (Turkey, Portugal), and Central America. Modest additional resources are requested for the Dominican Republic, Belize, the islands of the Eastern Caribbean, and other countries.

Our proposed increase for military sales financing—a total of $328 million over FY 1989 actual appropriations—would fund programs we have had to cut back severely over the last several years. Examples include:

—$75 million more for the Philippines, to enhance the Philippine counterinsurgency effort and to accommodate our best efforts commitment for military sales financing under the base rights extension agreement;

—$50 million more for Turkey, where resources have been insufficient for needed armed forces modernization in the common defense;

—$38 million more for Jordan, a key country with major needs, which received only $10 million in FY 1989;

—$25 million more for Portugal, which affords us critical base rights, to support needed NATO-related modernization;

—$23 million more for Thailand, the only U.S. treaty ally on the Southeast Asian mainland, a country which is turning to other military suppliers for lack of adequate U.S. financing;

—$21 million more to fight the drug war in Latin America and the Caribbean;

—$20 million more for Honduras, where needed ground forces improvements have been deferred; and

—$12 million more for El Salvador, to bring that country back to the level needed to sustain its military effort.

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In the rest of Latin America, we seek an additional $10 million, largely to continue our support for emerging democracies there. The request also includes an increase of $48 million for African countries, where our emphasis is on promoting professionalism among that region's militaries and developing military-to-military liaison channels.

The FY 1990 security assistance request seeks authority to provide all FMS financing on a grant basis, to further increase the quality of U.S. assistance and reduce the debt burden of military aid recipients. A number of key U.S. friends and allies received assistance in the form of high-interest rate loans in the late 1970s and early 1980s. Repayment of these loans has imposed a heavy and growing burden on these countries. The administration, with the support of Congress, has moved in recent years to cease adding to this burden by providing most FMS financing in the form of grants. Only those countries which previously received FMS credits will be permitted to use FMS financing for commercial purchases in FY 1990.

In conclusion, I wish to emphasize a point which I made at the beginning of my testimony. U.S. security assistance continues to play a vital role within the overall context of U.S. foreign and national security policy. Despite the positive international trends over the past year, dangers and uncertainties confront a number of countries of importance to us. Key U.S. friends and allies throughout the world continue to rely on us to provide essential assistance to preserve their freedom. The United States must continue to be seen as a reliable security partner to these nations, if it is to retain their trust and cooperation.

A continuation of the trend toward sharply lower and more politically-constrained aid programs could threaten U.S. access and influence in many key regions over the coming years. Vital U.S. interests could be compromised and our ability to project force around the world dangerously diminished. By contrast, the resources needed to fund these programs adequately are modest. A few hundred million dollars can make the difference between an efficient and effective foreign policy and one which must struggle to advance U.S. interests. It is up to us to supplement the efforts of key partners and allies, as they seek to defend themselves against overt aggression, low intensity conflicts, the ever-growing threats from narcotics trafficking and terrorism, and domestic instability resulting from economic stagnation.

We need your help to obtain more consistent and flexible assistance funding, so that the security of the United States can continue to be ensured against the multiple threats which face us now and surely will face us in the years ahead.

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11. Problems in Maintaining and Operating the Nation's Nuclear Weapons Complex

Statement by the Secretary of Energy (Watkins), May 17, 1989[9]

Thank you very much, Mr. Chairman and members of the committee. I appreciate again the opportunity to appear before this particular committee and discuss the role of the Department of Energy in preserving and advancing our Nation's interest in having and in helping to maintain our national defense.

I will say before proceeding with my brief oral remarks that I am very much in sympathy with the comments made by all members today in their opening remarks.[10] I am very much aligned with those feelings, and I feel as a result of that, that working with this committee and other similar committees in Congress, we are going to make significant progress in the next year in getting a baseline of understanding of what we must do. We will be well on the way a year from now and, I think, be pleased that we finally have our arms around a very complex problem.

I can talk about the individual points that you raised in questions and answers, and I will proceed with my brief oral comments.

One of the Department's primary missions is to manage and operate the country's nuclear weapons complex which provides the materials necessary to maintain our nuclear deterrent. The Department of Energy is also responsible for developing policies and strategies that preserve and enhance our Nation's energy security, a vital component of national security.

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[9] Source: *Department of Defense Authorization for Appropriations for Fiscal Years 1990 and 1991: Hearings Before the Committee on Armed Services, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), Part 2, pp. 8–13. J. James Exon presided over the session.

[10] Statements by Senators Exon, Thurmond, and Glenn are printed *ibid.*, pp. 1–7.

Through its national laboratories, the Department plays a key role in fostering America's scientific and technological leadership. It is said that we house two-thirds of the intellectual talent of the country within our laboratories. Our laboratories are a world renowned source of technology for both defense and nondefense scientific endeavors.

The nuclear weapons requirements that drive the entire Department of Energy defense complex are, as you know, generated by our Nation's weapons stockpile memorandum approved by the President. The Department of Energy has a responsibility to ensure that it can meet these requirements that are contained in the presidential memorandum. Today's nuclear weapons complex is basically a "single track" system that lacks the necessary redundancy in certain critical areas.

We do have flexibility in some areas, but there are choke points today that could bring the complex to a halt. This situation is unacceptable from a national security standpoint. The President's budget request in fiscal year 1990, therefore, reflects the need to develop contingency capability for the future. The most compelling example of what I am talking about is that new production of tritium and plutonium is essentially impossible within this country as long as the three Savannah River production reactors remain out of service.

The Soviets have about 11. We have none today. In order to have the flexibility we need for future contingencies, we need to design and construct two new production reactors to assure an adequate capability to supply tritium, and we need to construct a special isotope separation plant to upgrade our plutonium reprocessing capabilities and technologies to assure that we can meet potential additional requirements for plutonium if called upon.

I view the problems confronting Savannah River as endemic throughout the nuclear weapons complex. Difficulties experienced at one site inevitably affect other parts of our integrated complex. I believe this point was well made during the recent visit hosted by Senator Thurmond that Senator Nunn and other colleagues here on this committee and I made to Savannah River.[11] In that connection I am attaching to this statement a copy of my letter to the chairman and to other members of this committee regarding my initial assessment of the restart of the Savannah River production reactors.[12] As an aside, I would like to state my appreciation for the time taken by the chairman and others on the committee to accompany me on a very long but productive day at Savannah River.

Now within my formal statement for the record today and in my letter of April 27 to the committee, there is one issue that I would like to discuss, and that is WIPP, the Waste Isolation Pilot Plant. The Waste Isolation Pilot Plant is now becoming the long pole in the tent of moving waste responsibly throughout the Nation, and it is the key to unlocking the movement of waste in such a way that production, safety, and waste management are all now coequals.

I would like to talk a little bit about that. It is another example of the interrelated nature of the Department's nuclear weapons complex. Failure to open the WIPP facility as originally scheduled, which was August of last year, has given us some additional complications in waste movement. We had hoped to be able to start it in August. We met only yesterday for the first time after a series of intense meetings with the Environmental Protection Agency on what is called a no-migration petition. This is essential for starting up the WIPP facility.

It is ironic that since WIPP was started 8 years ago, this no-migration petition process which applies to toxic waste, not to radioactive waste, was passed into law subsequently and, therefore, we are caught up in it and now are at the 11th hour, and it becomes a very difficult, complex task that is before us that will preclude an opening on September 1 as we had planned.

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[11] Senators Thurmond, Nunn, and Glenn, and Secretary of Energy Watkins visited the Savannah River nuclear weapons production plant on April 28.

[12] The letter from Watkins to Senator Nunn, April 27, and an enclosure are printed in *Department of Defense Authorization for Appropriations for Fiscal Years 1990 and 1991*, Part 2, pp. 22–26.

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We only learned that yesterday, but I think that rather than letting you know tomorrow by letter, it is better to air this today and get it out in the open. We have informed the various members of the New Mexico delegation just today and the various Governors of the States to alert them so if they hear about this particular hearing, and on this issue, they do not get too upset because we believe we have the situation under a variety of controls that we can manage.

For example, we believe we will have all the information available by November 1989 with a very hard court press put on by both the Department of Energy and the Environmental Protection Agency, and we believe we can meet that schedule. That does not permit the necessary hearings that will not be completed until February.

We have looked at what we have done on waste minimization at Rocky Flats, which is connected with this because of the flow to Idaho and from there to WIPP. We believe that that waste minimization program will cut down the volume of anticipated waste to manageable levels through February. So we believe that at least one element of that equation can be satisfied by that waste minimization program.

We also have the ability during the research and development program, which I think needs to be recognized as a unique feature of this particular waste migration petition, to extract any waste at any time that we feel that migration, which usually is a very long-term geological fluid migration, is a problem. These are the kinds of things we would hope to be able to work out with this committee and other committees on the Hill to make sure we all understand where we are going as of November.

Certainly, I believe that if we can manage the waste in the interim and not exceed the limits in the State of Colorado at Rocky Flats, and if we can satisfy Governor Andrus in Idaho, that we can live with this long pole in a tent that I mentioned. So to that extent I wanted to explain that now rather than have it be misunderstood perhaps by all of the Governors very legitimately concerned about this very important part of the waste movement process.

The nuclear weapons program has been through many cycles in its 40-year history. Over time, the trend has been to correlate closely facilities and capabilities with specific stockpile demands. As the stockpile has declined from peak level, so too have our facilities and capabilities. We simply have not provided the resources needed to maintain the sizable investment in these strategic facilities, and now we have to pay the piper.

I am aggressively addressing both near- and long-term problems. We must modernize the nuclear weapons complex, dispose of our waste, and clean up and protect the environment so that we safeguard our workers and the public and do not jeopardize our ability to meet strategic responsibilities.

I want to iterate, Mr. Chairman, that the national security is too important to trust to a single track strategy of weapons facilities. The modernization study released by my predecessor presented a number of options available for assuring a long-term viability of the nuclear weapons complex.[13] Let me emphasize at this point that I am no more comfortable with the high cost of modernization as estimated in that study than I was with their estimates on the cost of cleanup. As a consequence, I have directed the development of my own 5-year modernization plan in order to review the assumptions of the previous study and to establish a more fiscally responsible context for modernization.

No one wants to repeat the mistakes of the past, neither you nor I. I think you will agree that sufficient flexibility and duality is a necessary principle to permit us to meet potential contingencies, just as improved capabilities are necessary to avoid obsolescence.

I intend to show this committee that the Department is turning itself around. The initiative underway to restore operation to Savannah River will achieve results. Progress in upgrading other facilities will follow. This will take time, and by the end of the summer you should begin to see the kind of progress that I promise. As always, this committee will be kept fully informed of our progress, and your assistance is absolutely essential if we are to be successful.

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[13] Reference is to *United States Department of Energy Nuclear Weapons Complex Modernization Report: Report to the Congress by the President* (December 1988), prepared by the Department of Energy. President Reagan forwarded this unclassified study, as well as a classified version, under cover of identical transmittal letters to the Chairmen of the House and Senate Appropriations and Armed Services Committees on January 12, 1989. For text of the transmittal letter, see *Weekly Compilation of Presidential Documents*, January 16, 1989, pp. 58–59.

Now what assistance do I need from this committee at this juncture in the fiscal year 1990 authorization process? You, Mr. Chairman, offered several points where you felt we could be assisted, and I agree with those. Here are some additional ones. These are in addition, obviously, to the President's budget request of February 9, so this has not heretofore been mentioned.

I need authorization language that will allow me to establish new lines of authority at management levels in both headquarters and the field activities so as to fix accountability and responsibility for waste management, environment, safety, security, and health programs within the Department of Energy's line management and not just within its internal oversight mechanisms. I think this is a concept that very few recognize.

The line must have the responsibility for these things; otherwise, the oversight committees have nothing to oversee except what is actually being done by the contractors which the Department has no knowledge of on a day-to-day basis. So we must have our own oversight within the line as we do in all our Department of Energy complex and where we run things in a professional fashion. We simply do not have it today.

This is very important. It is the most critical variable in my equation right now. While I do not need any monies for that, I do not want to surprise this committee when you see me make a move within the next 2 days of setting up line management accountability and responsibility within the defense programs of the Department of Energy complex. This means both at headquarters and at Savannah River, but it will be equally applicable over time to all of my facilities. In the future when you ask me if I am carrying out my responsibilities, I can in fact tell you in some detail on a day-to-day basis and perhaps preclude the kind of after-the-fact surprises that have been almost commonplace at the Department of Energy.

So as I say, today no such concept as line accountability exists and, as a result, contractors execute their contracts without adequate day-to-day line oversight by the Department of Energy.

Second, I want to work with you to create a comprehensive epidemiological data repository within the Department of Energy with responsibility for long-term collection and dissemination of epidemiological data related to our facilities. This is extremely important because it is one item that has not been addressed at all by the Department of Energy in any professional fashion, and it is critical to the line management accountability for health. We simply do not know where we stand today. On too many issues we do not have the epidemiological data base, and we desperately need it. We know how to do that, and I will be talking about that in more depth if you have questions about it, but certainly we are ready to do that.

My problem is in the long term. I know what to do in the near term, and we are ready to move. I will talk about that a little later.

The Department, then, is in a critical period of rejuvenation. With your help we can initiate environmental restoration of the weapons complex, enhance scientific development through support for education and technical training, and do our part to help our country regain technological leadership in the world community.

In this regard I would say, Mr. Chairman, that it is not only in waste management where future technologies are critical to the proper management of our waste in a cost-effective way, but it is equally applicable to many areas of technology that we are losing out on worldwide. There is no reason not to apply our best intellectual talent in this country to focus on selected areas in a more institutionalized process way so that we can get this Nation on its feet competitively before everyone else beats us in commercializing our basic research, which usually gives the world some of their first ideas to production and sale. Then we can commercialize such things as ceramics and that sort of thing that we are losing out on now. There is no reason not to take the applicable technologies out of our laboratories and in a very positive program way bring these things to transition to commercialization in a selected number of areas without overwhelming our traditional role in building the new weapons materials and the weapons themselves that we need for national deterrence.

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I think we need to take a two-pronged approach. Waste management is one of the technological areas, but there are several others that are critical to the Nation, and we are not doing well in them today and I think we can do a lot better.

Again, I thank you for this opportunity to testify, and I want to personally thank members of the committee for the support they have given me over the last few months to get started. I am pleased to say that a good working relationship with the Senate Armed Services Committee is not a new one to me, and I have been delighted to find my old friendships strengthened as I assume this new role. Thank you, Mr. Chairman.

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12. Defense Priorities in the Face of Budget Cuts

Statement by the Secretary of Defense (Cheney), June 22, 1989[14]

I have some opening remarks that I'd like to make, if I might, Mr. Chairman, by way of summary, and to focus upon what I think are a few key items. I will try to keep them fairly brief because I know the members have had the opportunity to go through extensive testimony already this year from representatives of the Department. I will try to summarize what I think are the high points, and then I can try to respond to your questions, your comments, and your concerns.

I have now been Secretary just a little over 3 months. My first official task as Secretary, of course, was to worry about personnel, and we are in the middle of doing that. But the second task was to find ways to cut $10 billion from the fiscal year 1990 defense budget, some $65 billion over the course of the Five-Year Defense Program.

This was not an easy assignment.

As you mentioned, Mr. Chairman, we are in a period where we may, in fact, be on the verge of a fundamental change in international relations. We have seen significant modifications, if you will, of Soviet behavior, certainly clear-cut statements of changed intentions.

Just this week, Admiral Crowe has been in the Soviet Union.[15] For the first time ever, the Chairman of the Joint Chiefs of Staff has visited facilities that no American has ever seen before. He has been out on a nuclear attack submarine, and watched Soviets operate naval forces at sea, and visited bases and facilities all across the Soviet Union.

There is a degree of cooperation now on those kinds of military-to-military contacts that, frankly, I would have never bet was possible just a few years ago.

While we see the prospects for significant political reform inside the Soviet Union, and we have just seen elections in Poland, and we have seen the Hungarians just in the last week honor the leaders of the Hungarian uprising of 1956, we still, of course, have to be very cautious about how we proceed. While there would appear to be a clear-cut intention on the part of the Soviet leadership to reallocate resources away from their military sector to the civilian side of their economy, there has been, as yet, no significant reductions in their capabilities targeted against the United States. And, as Secretary of Defense, I feel that I have no choice but to operate based upon what we perceived to be Soviet military capabilities, not Soviet intentions.

Obviously, we would like to be able to anticipate changes down the road. We may, indeed, be able, in future years, to undertake a course of action that would allow for reduction in the level of commitments and efforts if we are successful at some of the efforts currently underway.

But now, more than ever, I think it is important for us to be firm and consistent in our purpose, to proceed in a measured way, to proceed on a negotiated basis within the framework of our alliances, which, after all, are the backbone of our success for the last 40 years

Keeping all of this in mind, I would like to focus just for a moment, if I can, on the size of the defense budget this year and what our priorities were as we put it together.

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[14] Source: *Department of Defense Appropriations for Fiscal Year 1990: Hearings Before a Subcommittee of the Committee on Appropriations, United States Senate, One Hundred First Congress, First Session* (Washington, 1990), Part 6, pp. 3–9. Cheney testified before the Subcommittee on Defense. Daniel K. Inouye, chairman of the subcommittee, presided over the session.

[15] Admiral Crowe led a delegation of U.S. military leaders on a visit to the Soviet Union June 11–21.

I am confident that my predecessors found it much easier to put together budgets when we were in the era of ever-increasing defense budgets. I think there is still a public perception out around the country that massive increases in the defense budget are still underway. Of course, that is not the case.

In real terms, after inflation is factored out, this is the fifth year in a row in which we have had a decline in defense spending. At the beginning of the year, in January, President Reagan had recommended a 2-percent real increase for fiscal year 1990. President Bush came in with a recommendation of zero percent real growth. Ultimately, we ended up with an actual decline of about 1 percent.

Since 1987, that is, since January 1987, a little over 2 years now, reductions in defense spending over the period from 1988 to 1994 total $373 billion.

If you go back to 1986, the first year in which we had a fiscal year 1990 included in the Five-Year Defense Program, and you add up all the programs that Congress approved in 1986 and the President signed off on, and add up what the expected cost for those programs would have been in 1990, the total comes to $479 billion.

The budget we have submitted to the Congress is $305 billion—over $170 billion less than had been anticipated.

In light of that and the decisions that the Congress and the President have made, in terms of the overall ceiling on spending for next year, I had no choice but to make some very difficult cuts.

I think most of you know my record in the Congress over the years has been one of supporting virtually every recommended increase in defense spending. I voted for virtually every program in the budget. My problem now, of course, is that I have to figure out some way to pay for it, with less money than any of us had anticipated we would have at the time we approved those programs.

So, I was left with the proposition and the guidance of the President with the need to come up with ways to cut defense spending. I made a couple of basic judgments at the outset that I think are important, but that I hope you would all keep in mind as you weigh the recommendations that we have made to the Congress.

Specifically, I was concerned that we not try to preserve the fiction that somehow we could have all of those programs that we thought a few years ago we could have when we anticipated having $479 billion next year. I, therefore, made the decision that it was important in some cases to cancel programs, to terminate contracts, and to reduce force structure, and to take the difficult decisions that are involved in that, rather than come back to my former colleagues on Capitol Hill and suggest that there does not have to be any pain in these budget cuts, that there does not have to be any reduction in programs or cuts in anybody's bases, or shutdown in any production lines in order to make the budget.

The fact is it has been enormously painful, but I think those cuts are absolutely necessary.

The second thing I tried to do was to pursue the notion that there ought to be certain priorities in terms of evaluating the proposals that were put before me to meet the budget mark.

There were five specifically that I would like to mention.

First of all was personnel. Before I became Secretary of Defense, I served for 4 years on the Intelligence Committee and spent a lot of time with our military forces around the world in that capacity. I have obviously talked with both civilian and military leaders in the Department in recent months.

The thing that I am struck by time after time is their absolute conviction that the quality of personnel serving in the Armed Forces today is better than it has ever been before; that we have, in fact, been able to attract and retain the most capable, best qualified, best trained people to serve in uniform in the 1980s, thanks to the efforts of this committee and others, than we have had in a long, long time.

But I also have the sense that that is a very fragile commodity; that we have a full employment economy; that we have a declining pool of 18-year-olds and that pool will continue to decline through 1994. There are a lot of opportunities for young men and women in our economy today besides serving in the Armed Forces of the United States.

I made the decision early-on that I was not going to take any action in connection with the budget that would lead to a situation in which it is more difficult to recruit and retain top quality people to serve in our Armed Forces. That was our No. 1 priority.

A second, related, priority has to do with what oftentimes is referred to as "readiness," but which I think is better evaluated as a people issue. When you go out and recruit first-class people to serve in the Armed Forces, and then you give them professional training, I think you have to give them the opportunity to practice that craft, that trade, if you will, those skills that they have acquired while they are there.

If you sit down and talk with a group of Navy pilots about why they serve in the Navy and why they continue to serve in the Navy, there is one factor that they all cite time and time again, and that's because they like to fly jets. To the extent that you make it more difficult for them to do that, that you reduce flying hours, that you make it less attractive for them to be able to practice their trade, they'll depart. They'll find other options and other opportunities.

That is a readiness measure.

Training, operations tempo for armored crews and tanks, all of those kinds of issues I viewed as people questions, to a large extent and, therefore, we tried to maintain the readiness of these forces.

A third item, which the President emphasized, was that he wanted to preserve our forward deployments; that at a time when we have embarked on fairly aggressive strategy of engaging the Soviets in arms control, especially with respect to conventional forces in Europe, it was extremely important that we not take down unilaterally for budgetary reasons these forces that we have deployed overseas.

You'll find, with one small exception with respect to some 4,000 slots in Europe, that we did, indeed, preserve that forward deployed force structure. We did not reduce it, and we have recommended a budget to you that would, in fact, maintain it overseas.

A fourth item which was crucial, of course, was strategic modernization, which I can go into at greater length, and I am sure it is a subject the committee would like to discuss. Specifically, we wanted to continue to emphasize upgrading our strategic capabilities. That's true whether or not we are successful in negotiating a Strategic Arms Reduction Agreement with the Soviets. If we have smaller nuclear forces than we have today, they are going to have to be the most capable we can deploy, and we are far more likely to be able to get a good agreement with the Soviets if it is clear that we are prepared to move forward in terms of modernizing our forces.

So, the Trident program is intact, and I think relatively noncontroversial, functioning very well. We decided to go forward with the two-missile program, the small ICBM and the rail garrison system, primarily because we think it is important to build mobility into the force, to preserve the strategic land-based leg of the Triad into the next century. We also feel it is extremely important as we enter into negotiations with the Soviets in the same area when they are also deploying two mobile systems.

Finally, in the strategic modernization area of course is the B-2, an enormously controversial proposition.

I will take just a minute to talk about the B-2 because I think it is an important system. I approached it with a healthy degree of skepticism. When I went before the authorizing committees earlier this year in both the House and the Senate,[16] I made it clear that I was not comfortable at that point that I had a handle on the cost numbers with respect to the B-2 bomber.

On that basis, I directed that the Defense Acquisition Board undertake a study. I've spent a lot of time on the subject myself. I've been out and visited Northrop and spent time with my senior staff reviewing the B-2 program.

I am persuaded, based on that review, that the B-2 is indeed an important asset that we ought to go forward with; that we have funded nearly $20 billion in R&D to build a system that is truly a revolutionary new concept in aviation, which has enormous capabilities, both in a nuclear and conventional role and is going to be vital for us in the years ahead.

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[16] Reference is to Cheney's testimony before the House Armed Services Committee on April 25 and the Senate Armed Services Committee on May 3. For an extract from his April 25 testimony, see Document 174.

I would be happy to get into details to the extent my former colleagues want to do that.

One thing I emphasized during the course of that review, though, was that I did not want to come to the Congress and give you numbers and argue that we had absolute conviction and assurance in those numbers unless I had absolute conviction and assurance on those numbers.

The defense business is the only one I've ever come across where we are expected to produce, to the penny, accurate cost estimates of what a program is going to cost over its 10- or 20-year life without ever having produced or flown the system that we are charged with building. But that is what has been attempted in the past, oftentimes. Of course, because we are responsible for the taxpayers' dollars, we want as much specificity as possible.

The fact of the matter is the B–2 has not flown yet. We think it will fly shortly. We are moving through that process, and I would expect that we would have test flights underway before the end of the summer.

We think the numbers that we have given you in terms of the cost of the program are accurate. They are accurate to the best of our ability to make them accurate.

But, until you fly it, until we have had an opportunity to run several missions with it and we get some more experience with respect to the actual production runs that are now underway, there is going to be still an element of risk in the program itself.

So we have given you numbers that are the best we can give. There is always the possibility that there will be some slippage there. In a spirit of candor with the Congress, I want to make certain that everybody understands that is a possibility.

I don't think it's going to happen. But, as we get more experience under our belt, we'll be able to firm up to an even greater extent those numbers that we have given you on the B–2.

A final, fifth, priority that I considered as I put together the budget was the question of efficient rates of production and procurement.

One of the key requirements the President has levied on me is to see to it that we implement the recommendations of the Packard Commission and follow through on the congressional mandates embodied in the Goldwater–Nichols Act[17] and that we try to do a better, more efficient job of running the acquisition and procurement process at the Defense Department than has been true in the past.

For the last several months, I have had a team working to prepare a set of very specific plans for that purpose. We presented that plan to the President this week,[18] and shortly we'll have his sign-off on it. Then we'll set about implementing it.

I decided at the outset that it was foolish to talk about reforming the procurement processes in the Pentagon if the first thing I did in putting together a budget was to accept the recommendations that were made to me to stretch out the procurement of several major weapons systems.

The argument, of course, is that we could keep everything in the budget if we simply stretch out the buy and reduce the rate at which we procure various key systems. This is true. You can keep everything in the budget if you stretch out all the buys. But what you do is raise the cost of every single thing you buy because you run the production lines at inefficient rates.

In responding to the need to cut the budget, recommendations were made to me, for example, to produce fewer Apache helicopters, to run at a slower rate.

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[17] The Packard Commission report was issued as *A Quest for Excellence: Final Report to the President by the President's Blue Ribbon Commission on Defense Management, June 1986* (Washington, 1986). The Goldwater–Nichols Department of Defense Reorganization Act of 1986, P.L. 99–433, approved October 1, 1986, gave the Chairman of the Joint Chiefs of Staff additional powers and encouraged service cooperation rather than competition. For text, see 100 Stat. 992.

[18] Cheney sent the report to President Bush on June 12. Cheney's letter of transmittal to the President is printed in Secretary of Defense Dick Cheney, *Defense Management: Report to the President* (Department of Defense, July 1989), p. i.

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The result of that was to raise the cost of every Apache helicopter from $12 million a copy to $19 million a copy. I rejected that proposition. And fairly consistently across the board, with a few exceptions, where we were dealing with complicated new technologies, where, for one reason or another, like with respect to the B–2, where I thought it was important for us to get more testing experience before we increased the rate of production. I did not delay or defer programs. I made decisions to shut down production lines, rather than the notion that we ought to keep all of them open forever, at very inefficient rates.

The same is true for the F–14D, another very controversial decision. But we were producing those aircraft at one per month, a very expensive way to run an operation. For this reason, I made those kinds of decisions.

I did not feel that I could, in fact, be successful at trying to improve Pentagon management if one of the very first decisions I made was to increase the price of everything we buy. This, in fact, is what I would have had to do to buy those and accept those recommendations to stretch out procurements.

If you look at the overall thrust of the effort, I think you will find that it is a generally sound budget. I cannot claim any special wisdom in terms of having put it together. I am certain the Congress can find ways to improve upon the product we have provided.

There is no monopoly on wisdom about how these programs ought to operate. I certainly would not want to claim that the first budget I have ever prepared as Defense Secretary is the finest piece of work ever seen by this committee. But I think it is a good product.

We did, in fact, work very hard to put it together. Ordinarily, the Deputy Secretary presides over the Defense Resources Board that makes these decisions. This year I presided over it myself because I wanted the hands-on experience of constructing that budget by myself. For that reason I did so.

By way of closing comments, I would hope that the Congress, in weighing the package that has been put before you, would be prepared to make the same kinds of difficult decisions that we have offered up. This is to say that I cannot claim that all the decisions we made were the right ones. I know they were tough ones and that it would be a mistake to put items back into the budget based primarily upon considerations of what kind of items that are geared to a broader national strategy.

I think it would be an even more egregious mistake for us to do things such as cut pay and benefits for the troops or to reduce those items that are key to our ability to attract and retain first class people in order to put back some systems that perhaps are marginal or not priority, or that, in fact, ought to be cut.

So, Mr. Chairman and members of the committee, I urge your favorable consideration of the product we have provided. I know they are difficult decisions, and I have had a number of discussions with you over the months and with my former colleagues in the House.

I think it is a good package, and I would look forward to having the opportunity to work with you not only this year but in the years ahead to do an even better job than we have in the past of providing for the Nation's defenses.

Thank you, Mr. Chairman.

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13. The Case for the Strategic Defense Initiative

Address by Vice President Quayle Before the American Defense Preparedness Association, June 29, 1989 (Extract)[19]

. . . .

Three months ago, I spoke to the Navy League of the United States[20] and drew attention to a promising technology known as "Brilliant Pebbles."[21] I've since learned how effectively the Livermore team of scientists that conceived Brilliant Pebbles has been collaborating with their counterparts in industry who are developing the Spaced Based Interceptor program. The two programs have learned a lot from each other, and their competitive and cooperative genius has been stimulated by some very creative management techniques. SDIO will continue to manage Brilliant Pebbles directly, and SBI through the Air Force, until a decision is made on how they fit together in a Phase I architecture.

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[19] Source: Office of the Press Secretary to the Vice President. The address was given at the National Academy of Sciences.

[20] Quayle spoke on March 23 at a Washington exposition sponsored by the Navy League of the United States.

[21] In contrast to early SDI plans, which called for huge satellites, each carrying ten interceptors and

We will also continue to confound our detractors. Not so long ago, a number of SDI's critics, including some of our more respected professional organizations, said that directed energy weapons were a distant, far-off vision. Well, it turns out they were wrong. A few months ago, SDI scientists in Capistrano, California, successfully fired the large Alpha laser. This same laser is scheduled for launch in the mid-1990's as part of the impressive Zenith Star experiment. And later this summer, another group of SDI investigators will fire the BEAR neutral particle beam into space. Many believe that we can have advanced technologies of this type orbiting in space within 5 years.

No countermeasure I have heard of, whether it's "fast-burn boosters," multiple light-weight decoys, or merely multiple launchers, can effectively cope with the lightning speed or the variety of environments in which directed energy weapons can operate at great distances from their targets. Working in conjunction with kinetic kill vehicles, systems like these will one day alter the strategic equation between offense and defense.

Indeed, a ***devaluation in the strategic utility of ballistic missiles*** is precisely the goal we are seeking to achieve with our initial deployments of strategic defenses. I know that goal seems obvious to the members of this audience, but it is worth emphasizing because it would represent a major step toward stability—the same goal we are seeking to achieve through offensive modernization and arms control.

As I'm sure everyone here recognizes, we are living in an era of transition. In many respects, our national security requirements in the 21st century will be quite unlike those of today. So I'd like to tell you how SDI, in the Bush administrations's view, fits into this new world—a world which is likely to see fewer strategic nuclear offensive weapons in our own arsenals, but a substantial *increase* in the number of nations capable of launching ballistic missiles. This new world requires "new thinking," as Mr. Gorbachev often points out. And this new thinking *strengthens* the case for SDI. Let me lay out the strategic case for SDI in the new context we face.

As you know, our negotiators returned to Geneva last week to continue the Nuclear and Space Talks, which began just over 4 years ago. The President has directed our negotiators to continue the quest for verifiable reductions in offensive arms that enhance strategic stability. He has also committed us to continue working with the Soviets to find the right formula for a cooperative transition to strategic defense.

We are seeking a more stable nuclear balance that relies increasingly on defense. We are urging the Soviets, for whom strategic defense has long been a central component of deterrence, to work with us to develop cooperative rules for making this transition, so that predictability and confidence can accompany the reintroduction of defenses into our own strategic forces as well. The President recognizes the increased importance of verification and the larger risks associated with cheating and breakout in an agreement to significantly reduce offensive arms. That's one reason why ***strategic defenses would contribute to the effectiveness of a START Treaty and facilitate its ratification by the Senate.***

Why does strategic defense make such a valuable contribution to any agreement to reduce offensive arms?

First, there is the problem of continued Soviet emphasis on destabilizing offensive weapons. With or without START, the Soviets will have enough large warheads deployed on their huge, land based ICBM force to place some of our most important strategic assets at risk. And the Soviets' modernization of these weapons, including a larger follow-on version of the SS-18, demonstrates that their strategy will continue to emphasize a first-strike force posture well into the 21st century. A reasona-

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other gear, the "Brilliant Pebbles" concept envisioned thousands of small orbiting missile interceptors, each containing its own sensors and targeting computers.

bly reliable first phase system of strategic defenses would diminish our anxiety over this ICBM threat and would therefore complement our efforts to achieve greater stability through arms control and strategic offensive modernization.

Second, there is the problem of mobile ICBMs, of which Soviet deployments already number in the hundreds. We are concerned that mobile missiles—particularly MIRVed mobile missiles—pose serious verification and breakout problems that we have not resolved.

Since the Soviets insist on their continued right to produce, modernize, and deploy mobile missile systems, even under START, they should also understand why we need an enhanced reliance on strategic defenses as *insurance* against the threat these systems pose against us. Effective strategic defenses would not be affected by the mobility of ballistic launchers' platforms. In fact, the more widely the targeted missiles are dispersed, the more reliably a constellation of interceptors can cope with their multiple launch.

Third, there is the general problem of verification in a complex arms control agreement. The current draft treaty text for START is hundreds of pages long—considerably longer than the unratified SALT II text, which was itself many times more complex than its SALT I predecessor. Under such conditions, traditional, or even nontraditional, approaches to verification may well be insufficient, by themselves, to plug all the loopholes, and remove the inevitable uncertainties, that would threaten our security. In short, strategic defenses can help to bridge the chasm between the reality of a developing threat and the hope of a negotiated balance of forces.

For all these reasons, while the Bush administration rejects the Soviet contention that progress on a START agreement should be held hostage to SDI, we *do* believe that there is a relationship between offensive and defensive arms. Not only do offensive reductions contribute to the effectiveness of defenses, but *the more progress we make toward offensive reductions the more we will need to rely on SDI to help us deter, or deal with, possible Soviet cheating or breakout.* In other words, *SDI is an insurance policy for START.* It is an insurance against breakout, against cheating, and against qualitative breakthroughs of various kinds. As we move toward the national security requirments of the 21st century, we should recognize that responsible arms control will grow increasingly reliant on stable strategic defenses.

So the growing trend toward offensive force reductions *complements* the role of SDI. And the growing problem of ballistic missile proliferation also makes SDI *more* necessary than ever. I'd like to spend a few moments discussing this problem, because it's been a major concern of mine for many years now.

The Director of Central Intelligence, Bill Webster, testified recently that we can look for up to 15 developing nations to have ballistic launch capability by the turn of the century.[22] Who are these emergent members of the missile club? In many cases, they are regional or "would be" regional powers; many are not signatories to the nuclear Non-Proliferation Treaty;[23] some are actively engaged in chemical weapons research.

No doubt you've all thought about the various "accidental launch" and "madman" scenarios in which an erratic national leader acquires ballistic launchers and marries them with primitive nuclear, chemical, or biological weapons of mass destruction. Such concerns are anything but hypothetical. Iran and Iraq have already engaged in a ballistic missile conflict; Iraq made active and extensive use of chemical weapons in its war with Iran; and Libya, among others, is working energetically to develop chemical weapons. These developments force us to consider many difficult questions that we would prefer to ignore.

The frightening question of who controls nuclear weapons, for example, during periods of intense civil strife, and who has the authority to release them, are ones that we have not discussed in public very much during the nuclear age. What if civil war leads to an abrupt seizure of power by an unknown, unpredictable regime in a country that possesses an arsenal of ballistic missiles? Would we rest easily with the deterrent power of our current offense-only capability under these conditions? Or should the President have some other response at his disposal in case an irrational act were to arise out of such instability?

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[22] Reference is to Webster's testimony before the Senate Governmental Affairs Committee on May 18.

[23] Treaty signed by the United States and the Soviet Union in Moscow and London, July 1, 1968, entered into force on March 5, 1970; see 21 UST 483.

I raise this question because in many countries that are acquiring or seeking to acquire missile capability, instability is the rule rather than the exception. And because the problem of accidental, unauthorized, or simply miscalculated missile launches will grow increasingly troublesome as the number of politically immature but missile capable nation-states expands.

There is much that can and should be done to curb this widening trend. Our own leadership role in the Missile Technology Control Regime is one example.[24] Indeed, I have been actively committed to strengthening this regime since my years in the Senate, and I remain so.

I believe strongly that such existing and strengthened export controls are essential. They are high on this administration's national security agenda, and we are relying heavily on them to retard the spread of missile technology—on the *supply* side. But, like so many other problems we face in the international arena, this is a complex issue that cannot and will not be resolved by one-dimensional solutions. While multilateral measures are at work on the supply side, unilateral measures like a multilayered, ground- and spaced-based ballistic missile defense must accompany them by reducing the benefits of acquisition and deterring ecomomic and technological investment—on the *demand* side.

It is on this basis that I challenge many traditional opponents of strategic defense to keep an open mind as the technology continues to advance and the costs continue to decline. *SDI is not the enemy of arms control and missile nonproliferation; on the contrary, it can be a crucial ally.*

In short, strategic defense offers stabilizing solutions to many of its critics' own most vexing concerns. Whether it is missile proliferation, ICBM and "C-cubed" vulnerability, deterring noncompliance, or providing insurance against clandestine breakout scenarios, SDI's technical and potential strategic payoffs vastly exceed the investment we are making. Some of these payoffs are directly evident in improved weapons technologies and in the enhanced leverage provided by near-term options for strategic defense; others, more subtle, take the form of "spinoffs" for a variety of advanced medical, industrial, and environmental technologies.

That is why the recommendation by the majority of the members of the House Armed Services Committee to cut the SDI budget by over a billion dollars is so misguided.[25] I'm sure all the members of the House Armed Services Committee appreciate the need to curb missile proliferation; and as advocates of arms control, they should welcome efforts to guard against Soviet noncompliance, against breakout, and against qualitative improvements of all kinds not covered in a START agreement. Well, SDI can help us achieve these objectives—objectives that the administration and the Congress both share. In addition, SDI provides the American people with much needed insurance against an accidental or inadvertent attack or against a deliberate launch by an irrational government. Most importantly, SDI would dramatically reduce the risk of nuclear war by denying an aggressor the ability to execute a successful first-strike. I strongly urge the Congress to restore SDI's budget to the level of the President's request. Cuts in SDI of this magnitude are extremely shortsighted and harmful.

Of course, SDI is not the *only* answer to the problem of missile proliferation. Nor is SDI capable by itself of redressing all threats to strategic stability. In fact, there is no single, simple answer to the multidimensional challenges we face. But there *are* answers. And strategic defense is one of them. For these reasons, the Bush administration remains committed to the development and deployment of a robust strategic defense system. We continue to believe that strategic defense is technologically feasible, strategically necessary and morally imperative. And we intend to work hard to ensure that Congress shares this understanding too. For it remains true today, as it was 200 years ago, that "to be prepared for war is the best means of preserving peace." Thank you.

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[24] For the origins of this regime, initiated by the United States and six other industrial democracies in April 1987, see *American Foreign Policy: Current Documents, 1987*, pp. 74–80.

[25] On June 28, the House Armed Services Committee cut $1.1 billion from the proposed $4.6 billion the administration sought for the Strategic Defense Initiative in the fiscal year 1990 budget.

Document 13

14. Proposed Implementation of the Defense Management Review

Statements by the Secretary of Defense (Cheney) and the Deputy Secretary of Defense (Atwood), July 11, 1989 (Extract)[26]

SEC. CHENEY. We're in this together on this one. Let me first of all thank all of you for being here today. This is to announce the long awaited and hard to obtain management review.[27] (Laughter) I notice it's been printed in nearly every publication that covers the Pentagon in one form or another. But it's important for all of us obviously.

The President, last February, directed that there be a study undertaken of ways to improve the management of the Pentagon and to focus specifically upon the question of implementing the recommendations of the Packard Commission.[28] We've now completed that review. You all have copies of it. It was presented to the President and his senior advisors last month. It has now been sent to Capitol Hill.[29] It's being released to the public for everyone to see.

I think I'd like to emphasize at the outset that we are well aware that there've been numerous opportunities and efforts made over the years to improve the management of the Pentagon. There's no silver bullet here. We aren't the first people to think that there were requirements that we improve the way we do business here. And I'm sure we're probably not the last who will attempt to improve it, but it is extremely important in light of our current state of affairs; in light of the stringent budget requirements. And I think the ongoing debate and dialog that we've had in recent years about public distrust, if you will, or sometimes congressional distrust of the way we do business in the Defense Department that we change that to the extent that we're able.

What you have before us is a blueprint that we plan to pursue during our tenure at the Department to try to significantly improve the way in fact we do business. There's a great deal that is right about the way the Department of Defense operates. It's full of some very able and very talented men and women, both on the civilian and the military side. When you think about the enormous scope of the task that we're asked to do, some $300 billion budget; the work of over 3 million men and women in our armed services and the civilian part of the Department; the large intelligence operations, complicated policy operations, high technology weapons systems and all of the other things that are required of us. Most of that does in fact function very well but we think we can do better. The President believes we can do better and he's directed that we undertake this effort.

I think it's important at the outset to emphasize that our efforts at trying to improve the management of the Department will be for naught unless we get some help from Capitol Hill, from my former colleagues in Congress.

What you see before you here on the right are a selection of the reports that are required the Department to submit to Congress every year. In 1970, the Department submitted 37 reports to the Congress; last year I believe it was 661 separate reports. Each one of those reports takes an average of 1,000 man hours to prepare, costs an average of $50,000. We've got one report, it's classified or I'd hold it up and wave it for you, that costs over $2,000,000 to prepare. Oftentimes these are reports that are produced as the result of the desire to come up with some kind of a political compromise as legislation moves through the Congress. The net result though is to impose a very large burden on the Department—at great cost.

You see here the external reporting burden—each working day three new GAO audits are begun in the Department; some 400 written inquiries from Capitol Hill; 2,500 phone calls; an average of three separate reports to Congress, some 40 hours preparation for 14 hours of testimony before Congress each day that Congress is

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[26] Source: *Public Statements of Richard B. Cheney, Secretary of Defense, 1989.* Cheney and Atwood made these statements at the outset of a press briefing at the Pentagon beginning at noon.

[27] Reference is to Secretary of Defense Cheney, *Defense Management: Report to the President* (Department of Defense, July 1989).

[28] For text of the March 1 statement by Marlin Fitzwater, see *Weekly Compilation of Presidential Documents*, March 6, 1989, p. 265.

[29] For text of the President's letter to congressional leaders, July 10, see *ibid.*, July 17, 1989, pp. 1054–1055.

best copy available

in session. If you look at the rules, requirements, and regulations, and the regulatory burden we operate under, especially in the acquisition area, obviously much of it is imposed on us by the Congress of the United States.

If we're going to be successful in the venture that the President wants us to undertake, it will be in part because we are able to get the Congress of the United States to cooperate in helping us streamline those practices and procedures and structure, help us cut away some of the regulatory burden and underbrush that we now are forced to operate under. A major part of our responsibility will be to see to it that we can pull together the package of legislative recommendations that we hope to be able to submit to the Congress by the end of this year that will in fact enable us to get the kind of leeway that we think we need to be able to run the Department in an intelligent fashion and guarantee the taxpayers the best possible return on their investment.

A second key item that I wanted to mention is the work of the Executive Committee. Obviously, we do not and cannot take the attitude in the Department that everything that has been done right has been done down here and everything wrong is the result of the Congress of the United States. That's obviously not the case.

I felt that it was important in working with Don Atwood, my deputy, to come up with a new mechanism that we could use to in effect be able to manage the Department, as large and big as it is. With that, we've come up with the notion of an Executive Committee, chaired by myself as Secretary; including the Deputy Secretary, Don Atwood; the Under Secretary for Acquisition; the Under Secretary of Policy; the service secretaries of the Department; as well as the Chairman of the Joint Chiefs. Other senior members of the Department will participate as required, but this will become in effect the key deliberative body, if you will, for the management of the Department. We had our first meeting this morning at 8 o'clock. We'll meet generally on Monday mornings. It's an opportunity for me to sit down and consult with the senior civilian and military leadership in the Department to address the major issues that cut across the Department.

Finally, let me take just a minute to talk, if I can, about Mr. Atwood, my deputy. I think those of you who've covered the Department for a long time know that this is a task that exceeds the grasp of any one individual. Nobody can function as Secretary successfully if he's not willing to bring on board the best possible people he can find and to delegate to them significant responsibilities and give them the support they need to do the job that's required of all of us. I would argue that the man who serves as the Deputy Secretary of Defense carries greater weight and responsibility than do most members of the President's cabinet. Don Atwood is my deputy and in reality as well as in name. We spend a great deal of time together, we obviously have to specialize to some extent though if we're going to spread our talents and deal with the problems before us. I work in certain areas, especially work with the National Security Council, special efforts on Capitol Hill, general kinds of policy questions involving the White House and the President. Don has, to a greater extent than anyone else in the building, been responsible for pulling together the work of the Management Review that you've got before you today, and will, of course, be the lead senior official, if you will, in terms of helping us implement this program over the course of the next couple of years.

One of the prime responsibilities of the Executive Committee will be to ride herd on that process, but Don, more than anyone else in the Department, deserves the credit for having pulled together this set of recommendations you've got before you and will be my strong right arm in seeing to it that we make progress in this area in the course of our time in office for President Bush. With that, I'd like to turn the podium over to Don Atwood at this point for any comments he might want to make.

MR. ATWOOD. Thank you, Dick. I'd just like to say a couple of words about a reasonableness test which we applied to this report after it was completed. Obviously, we undertook it with the idea in mind of how do we simplify the procedures and policies here—how do we improve the effectiveness of our acquisition process; how do we ensure that we're doing right by the Congress, by the President, and by the American public whose money we're spending for the defense.

In looking back over the past years, there appear to be a number of areas that we feel need improvement. So the acid test when one is all through the management study and the setting up of a program on it, does it address these key areas. I thought I might just touch base with some of these with you for just a moment and go over the eight significant problem areas that we saw and then, in fact, open it up to questions about what we've done in each one of them.

First of all, we think there needs to be a better correlation between the national security and the defense strategies on the one hand, and the force structures, the programs, and the budgets on the other hand. Let me give you a for instance. When we started the process early this year under the President's direction we undertook the development of a review and reaffirmation, where required, of a national security strategy and a defense strategy. But almost parallel with that we were forced to undertake the budgeting process—the planning and the programming and the budgeting process, and there was not time to do those in series. So that, in fact, there is some disconnect between the two unless you spend an awful lot of time working both at the same time and that connect between the two comes in the form of defense guidance. So, what we've proposed is a system whereby we get a better connection between national security strategy, defense strategy on one hand and the force structure and the programs and the budgeting on the other one.

Now that is accomplished, we feel, through the Executive Committee and through an expanded Defense Resources Board, which we would call the Defense Resources Board, the Defense Planning and Resources Board. But that's one of the problem areas that we had to address.

A second problem area comes from the fact that in our review of our budgeting it appeared that there was a need for a greater emphasis on both the technical and programmatic nature of things. All too often, too much emphasis, because it is readily available, on the financial data that exists. This does not mean to minimize the financial information and the force structure behind it, but it means that we will indeed be enhancing the role of the Under Secretary for Acquisitions and the Program Managers and CINCs and the Joint Chiefs in bringing forward technical and programmatic data.

The third general problem is one that we read about most heavily in the news media and that is the fact that there are a significant number of our major programs which are either late or they are overrun or they had some kind of technical deficiencies or some combination of them. We've undertaken within this a whole series of steps that we feel will strengthen our hand in insuring that in the years to come we won't be faced with this kind of a problem.

The fourth one is the fact that people generally perceive that DoD, the defense industry, are too large; are too complex. They aren't prone to make cost reductions, and in fact therefore, we need to do something significant about enhancing the opportunity for making significant cost reductions and enhancing the quality of the products which we serve. And we think that in this report we've undertaken some steps that we feel will enhance that.

The fifth item is the one that I call perceived corruption—the public perception that there is indeed throughout DoD and throughout the defense industry an attitude that taxpayers' money be damned, that we're out for what we can get. And this leads to the accusation and the perception that there is a great deal of fraud. Whether it's true or not, the magnitude of it is not important. We have to step up to the problem to insure that in fact we remedy the situation, remedy it in fact and then worry about the image that comes later. We think we've instituted some steps here that will greatly enhance that.

Micromanagement, both within the Department and from Congress, have been a much discussed subject and we feel there that as the Secretary pointed out the number of reports that we have to provide, the number of answers that we have to give every day, indicates the degree of management that we think we need to relieve ourselves of. That doesn't say for a minute that everything that Congress asks for is bad, quite the contrary. Much of what they ask for is necessary. On the other hand, there is a lot of nonvalue added work that goes into the activity and we need to be sure that we pick the best people we can for the job and that we give them the authority and responsibility to do them and that we don't spend all our time micromanaging every step of the way.

One of the serious problems we have is the apparent decline in the industry base. This takes two steps. Number one, a decline in the number of companies, major companies who are anxious to do business with us, but more importantly perhaps, a decline in the technology base relative to the rest of the world and there we feel that we can take some pretty concrete steps and have recommended concrete steps in this report that will indeed offer incentives to companies to stay in the business, offering incentives for the companies to make investments and to enhance the industrial base that we rely on.

Finally, very honestly, a confrontational atmosphere that exists among Congress, among the Department, and among industry, I've never seen anything like it. I will be candid with you and tell you that if major corporations throughout the country, either in the automotive industry, or electronics industry, whether it be a General Motors or Ford or General Electric or AT&T, if they ever had the relationship that exists between our suppliers and ourselves, then indeed those companies couldn't long exist. We have to do something about eliminating that confrontational atmosphere and it is going to take a concerted effort by all of us, but I think we've got the mechanism to do so and so we're anxious to get at it.

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15. The B-2 Stealth Bomber Program

Interview With the Secretary of Defense (Cheney), July 13, 1989 (Extract)[30]

Jim Lehrer. Now here with us [to discuss the B-2 Stealth bomber] is Secretary Cheney.[31] Mr. Secretary, welcome.

Sec. Cheney. Good evening.

Mr. Lehrer. Why is it worth $500 million or more per airplane to the United States to have these B-2s?

Sec. Cheney. Well, I think you have to begin with what our basic strategy has been, and that strategy has been based on deterrents—the notion that we could prevent war by being prepared for it, that the Soviets would never attack us if, in fact, they were persuaded that we had the capacity to respond in an overwhelming fashion.

At the heart of that strategy of deterrents has been the so-called "Triad," sea-based ballistic missiles, land-based ballistic missiles, and bombers. And it's the synergistic effect of the three that guarantees, or at least so far has guaranteed, that the Soviets would never launch a first strike on the United States.

Now we've made decisions in the past, this administration, prior administrations, the Congress, that we were going to modernize and keep up to date each leg of the triad. So we're building the Trident missile submarine with a new D-5 missile on it. We are going mobile with the land-based missile force, the small ICBM, and the rail-garrison system, and we are building the B-2, the Stealth bomber. Started in the Carter administration. I'm the fourth Defense Secretary to support the program. Congress has supported it. The House Armed Services Committee bears more responsibility for the state of that program today than I do. I've only been on the job 4 months. I mean, this is a program they've authorized, they've approved, that they've spent $23 billion on.

Now, I think it does give a significant additional capability, because of its capacity to penetrate Soviet air defenses. The—this unique thing about the B-2 in addition to range of payload and so forth is that it is a brand-new kind of aircraft. It is stealthy; it will allow us well into the next century to get through Soviet air defenses and guarantee that we have the capacity to retaliate; guarantee the survivability of the third leg of the triad, the air-breathing or bomber leg; and therefore guarantee deterrence, and that's what our strategy is all about.

Mr. Lehrer. But don't you have the feeling, Mr. Secretary, that you're fighting a losing battle; that what you are hearing at the hearings today, what the Secretary of the Air Force and the Air Force generals heard yesterday, same committee,[32] what is being reported in the *Wall Street Journal* and elsewhere; that this B–2 is in serious trouble? Even the supporters say that.

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[30] Source: *Public Statements of Richard B. Cheney, Secretary of Defense, 1989.* Cheney was interviewed on the "MacNeil/Lehrer Newshour".

[31] All brackets in this document are in the source text.

[32] Secretary of the Air Force Donald B. Rice and Air Force Chief of Staff General Larry D. Welch testified before the House Armed Services Commit-

Mr. Cheney. But, but, let's analyze carefully what's happening here, Jim.

Mr. Lehrer. All right.

Mr. Cheney. A lot of my good friends on the committee, men and women I served with for 10 years in the House, argue that the B–2 costs too much. Now, again, remember they're the ones who authorized the program in the first place and have monitored it for the last 10 years. They are not suggesting, though, that we take that money out of the B–2 program and return it to the Treasury, or put it back to the taxpayers. They want to spend it on different systems. They want to spend it on things that are not as far-reaching as the B–2, that don't deal with our strategic defenses. They want to spend it on other things. They want to revitalize, for example, the F–14D Tomcat fighter, which I canceled. They want to fund the V–22 take-off-like-a-helicopter, fly-like-a-plane Osprey, which I canceled.

Mr. Lehrer. That's the—the Marines wanted that—

Mr. Cheney. Yes. So, it—in effect, choice here isn't over "Gee, this costs too much and we shouldn't pay for it." The choice here is, let's take the money out of the B–2 and use it on other systems. It's viewed as a bill-payer for those systems that Congress wants to fund.

Mr. Lehrer. So the real issue is who's running the defense, is that right?

Mr. Cheney. Well, obviously we both have a role. I mean, I make my recommendations to the President. It's the President's budget. This is his package that I took to Capitol Hill. Congress has a major role to play in that. They've got to authorize and appropriate the funds, as I was reminded today by several members of the committee that gave us about 99 percent of what we wanted out of a $300 billion budget. They changed maybe $12 [billion], $15 billion of that. But it's important, Bill, obviously. It's an important debate, and I think it's—doesn't do justice to our responsibility simply to say it costs too much. You've got to look at the history of the program. You've got to address the question of whether or not you believe in modernizing the bomber leg of the triad, and if you do, the B–2's the way to go. And if you don't want to do the B–2, then you have to recognize that that's got strategic consequences for us.

Mr. Lehrer. Nonexperts would look at all of this the last couple of days and say, "My goodness." Here you are saying that if everything—if you're lucky, if everything goes all right, that the B–2 may only cost $500 million dollars—a half a million dollars a shot, a plane. Congressman Aspin said yesterday, "Yeah, but one thing leads to another and this is delaying whatever—these things could cost $1 billion." In other words, twice as much down the line if you get all 132. How in the world could that be true? The same airplane that costs twice as—you were talking about a half a billion dollar difference.

Sec. Cheney. I think the point that Les was making—and I don't want to speak for the chairman but he's not here to defend himself so I will—if you only build a few of the bombers, if you don't build the full 132 we've requested, if you only build a few of them then all of that research and development money that's already been spent, the $22 plus billion, all the overhead that's already gone into the system, is borne by only a few aircrafts. So, if you only built 22 aircrafts, for example, they're going to cost more than $1 billion a copy.

Mr. Lehrer. So you're saying you've got to build them all in order to make them cheaper?

Sec. Cheney. Well, that's right. I mean, once you've made a—

Mr. Lehrer. And that adds up to $70 billion or more.

Sec. Cheney. That's right and the budget that we submitted that the President recommended to the Congress does in fact provide for a way to fund that and lays out the funding profile and made the decision to cancel other programs in order to be able to do this one. It is doable. If you look at it when we bought the B–52, which is still in force, back in the 1950's, it ran about 1.4 percent of the defense budget during those years. If you look at the B–1

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tee on July 12, and Cheney testified before the same committee on July 13.

bomber that we bought in the mid-'80s, it ran about 1.4, 1.5 percent of the total defense budget during those years. The B-2 during the years that we purchase it will run about 1.3 percent. It is not out of line relative to what we've spent on other bomber systems.

MR. LEHRER. But here again, just in ordinary language, doesn't it seems strange to you to have an airplane flying around in the air that could have a mechanical failure and crash into the sea and be lost that costs a half a billion dollars to build or more?

SEC. CHENEY. Well, there's no question but what it is an expensive airplane; but we currently are building a 747 aircraft for the President of the United States, with communications gear and so forth, that he requires for his security. It's the first new Presidential aircraft we've purchased in about 25 years. We are buying that aircraft and it will cost well over $300 million—and that's not stealthy, it's not designed to penetrate Soviet airspace, it doesn't have the capabilities that the B-2 does—which will cost about $500 million. If you take out the investment up front on the B-2 which, I mean, you have to count it, but it's money that's already spent, and it's been a wise expenditure because there's a lot of spin off it. Stealth knowledge we've gained on the B-2 has applications all across the board in terms of other aircraft and weapons systems. If you take that out, the flyaway cost for each new bomber we build from this point on is a little over $300 million. So I don't think it's that far out of line. And it—course it sounds like a lot of money. There's no question about it. But defense is expensive, security's expensive, and this is a system that'll be flying long after I'm gone from the scene. It'll be around 30 or 40 years from now, and guarantee that we do, in fact, have the deterrent capability we need to avoid ever having a conflict.

MR. LEHRER. Your other big thing this week, of course, was your reform proposal for procurement and an element in that proposal says, "Expensive weapons systems should not be undertaken in haste," because that's one of your precepts of that. The B-2 fails—doesn't violate that?

SEC. CHENEY. No. The B-2, if you remember, it was first announced publicly that we were developing this capability back in 1980—during the 1980 Presidential campaign, by Harold Brown, one of my predecessors, during the Carter administration, and it has been worked on aggressively ever since, almost 10 years now.

Now—and it takes a long time to develop these systems, especially something that's as new and revolutionary as this is. We've also been very careful with the B-2 because we didn't want the kinds of problems that have plagued other systems that do as much testing up front as we could and—

MR. LEHRER. But it's—

SEC. CHENEY. —there have been thousands and thousands of hours devoted to testing the various component parts of the system before we go forward with it.

Finally, I made the decision this year in the budget that we submitted to delay the full-up production by one year, so that we'd have the experience of the flight testing that's currently scheduled to begin this summer, within the next few weeks, on the B-2 bomber.

MR. LEHRER. It still has not flown—no?

SEC. CHENEY. No, but we expect that within a matter of days. Right now as we meet it currently is undergoing taxi tests in California.[33]

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16. Editorial Note

After the Senate and House of Representatives passed different versions of the Department of Defense appropriations bill in the summer of 1989, a conference committee of the two Houses agreed to a revised version appropriating $305 billion for military programs in early November. The agreement restored some funds for strategic programs that the House had earlier cut but retained the $1.1 billion reduction in the administration's request for the Strategic Defense Initiative. (*Making Appropriations for the Department of Defense for the Fiscal Year Ending September 30, 1990,*

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[33] The B-2 flew successfully for 2 hours on its maiden test flight over the Mojave Desert in California on July 17.

and for Other Purposes, Report of the Committee on Conference, House of Representatives, One Hundred First Congress, First Session, Report No. 101–345) The House approved this revised bill on November 9 by a 236–172 vote, and the Senate passed it on November 15 by a vote of 91–8.

In signing the Department of Defense Appropriations Act, 1990 (P.L. 101–165, 103 Stat. 1112), on November 21, President Bush issued a statement which acknowledged that the legislation "provides funds for our critical national defense operations and satisfactorily accommodates most of the administration's major concerns." He added, however, that "I am disappointed in the deep reductions made to our budget request for the Strategic Defense Initiative." He also expressed his constitutional interpretations of certain potentially controversial sections of the law. For text of the President's statement, see *Weekly Compilation of Presidential Documents,* November 27, 1989, pages 1809–1810.

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17. "It Is Premature To Speak . . . About a 'Peace Dividend'"

Press Conference by President Bush, Brussels, December 4, 1989 (Extracts)[34]

. . . .

Q. Mr. President, I have a two-part question. You've made it clear that you are going to stay in Europe. But in view of the dramatic reduction in tensions and obvious weakening of the Warsaw Pact,[35] what will be the real American role? And two: Will there now be more money for the poor, the homeless, public housing—the nation's really badly-in-need-of-repair-infrastructure?

The President. We have a lot of demands at home, and there's no question about that. But I think it is premature to speak, as some are at home, about a "peace dividend": Take a lot of money out of defense, and put it into other worthy causes. And so, as I started over the budget figures for the next budget cycle, we are under a tremendous burden to get our total spending down in order to meet the Gramm–Rudman targets.[36]

In terms of the U.S. role, I think I said it out here pretty well. We will continue to play a very active role in NATO. I see nothing that diminishes the importance of the United States. And I might say that I gathered from our interlocutors there—the other heads of state and governments—that they want us fully involved. And thinking back on my talks with Mr. Gorbachev, I don't see any conflict there either.

. . . .

Q. Mr. President, you stepped aside on a question about a "peace dividend" and said that you've got a terrible Gramm–Rudman problem next year. As you look at the chances in Europe and the possibilities of further defense cuts, do you expect any time in your first term to have a "peace dividend" to apply to some of the economic and social problems at home? And when would you expect that?

The President. That's an awful tough question to answer about "any time." I would think it would be extraordinarily difficult because of not only the enormity of the Gramm–Rudman, the difficulty of reaching the Gramm–Rudman target this year, but what follows on.

And so, what we are trying to do is emphasize the areas where we can be of most help to the people through various programs. And in some areas—I don't know whether Helen mentioned in her question education—but in some areas the problem isn't going to be solved by putting more money into it.

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[34] Source: *Weekly Compilation of Presidential Documents,* December 11, 1989, pp. 1891–1892, 1896. The press conference took place in the Luns Press Theater at NATO Headquarters beginning at 4:20 p.m. President Bush stopped in Brussels following his meetings with Soviet President Gorbachev at Malta, December 2–3.

[35] Treaty of Friendship, Cooperation and Mutual Assistance signed by the Soviet Union, Poland, East Germany, Czechoslovakia, Hungary, Bulgaria, Romania, and Albania at Warsaw, May 14, 1955; 219 UNTS 3.

[36] Reference is to the "sequestering" of Federal funds mandated by the Balanced Budget and Emergency Deficit Control Act (1985): Title II of P.L. 99–107, approved December 12, 1985; 99 Stat. 1037.

But on your question, as we go on down on meeting these Gramm-Rudman targets, there just isn't a lot of "excess money" floating around there.

Q. Not for the foreseeable future? Not for the rest of your first term?

THE PRESIDENT. Well, look at the Gramm-Rudman targets that face us. I don't want to hold out to those that want to rush out and spend a lot more money the hope that that is going to happen. We've got some tremendous economic problems that have to be solved. Because the best answer to helping people—if you have to divide it, have to quantify it—the best is to have a job. And the best way to have the climate for a job is to have a sound economy.

And to our foreign friends here, I'd say one of the things that would be the best guarantee of that would be to get our Federal deficits down. It would also help us with investment. And that is the best poverty program: a job in the private sector. I had a letter from a distinguished Senator before I left—because he'd read about possible defense cuts, a reduction in the defense budget—saying take that money and spend it for a cause that he felt was very worthy. And I had to write him back and say, "Look, that isn't the way it's going to work. That isn't the way it's going to work."

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Document 17

Chapter 4. Arms Control

18. The Urgent Need To Ban Chemical and Gas Weapons

Address by Secretary of State Shultz, Paris, January 7, 1989[1]

As we begin our consideration of the compelling challenge that chemical weapons pose to world security, I have the privilege of conveying to you a message from the President of the United States, Ronald Reagan. It reads:

> Distinguished Delegates: Less than three months ago, I called on the Parties to the Geneva Protocol and other concerned countries to convene a conference for the purpose of restoring respect for the international norms against the illegal use of chemical weapons. Today, thanks to the initiative of President Mitterrand and the French Government, representatives of more than 100 nations are gathered in Paris to reaffirm their commitment to the goal of putting an end to the proliferation of these dreaded weapons and preventing their use.
>
> Your presence underlines the deep concern and alarm shared by all countries of the world over the dangerous spread and resurgent use of one of humanity's most dreaded and dreadful forms of warfare. It demonstrates as well that you share a desire to take the necessary actions to ensure that such weapons are not used again.
>
> The Geneva Protocol of 1925[2] remains an invaluable and necessary compact, but its objectives can only be achieved if nations comply. Rededication to the objectives of the Geneva Protocol is not just a question of law, but an important step toward securing a safer future for mankind. It is my hope that the participants in the Paris Conference will take that important step.
>
> The Government and people of the United States send our prayers and best wishes for the success of the vital effort you are undertaking.

Indeed, we are brought here today by a horror that has cast a pall over mankind for nearly 100 years—the threat and use of chemical and biological weapons.

History records that on the eve of this troubled century—one that would prove to be burdened with a variety of manmade horrors—the participants in the First Hague Peace Conference of 1899 were moved to condemn chemical weapons. Already, the vicious effects of such weaponry could be anticipated, even though our predecessors of 90 years ago had not yet experienced their destructiveness.

But the warnings of The Hague Gas Declaration [of 1899][3] were not heeded. And, in 1915, in Flanders Fields near Ypres—only 200 kilometers from where we now sit—chemical weapons were first unleashed on a large scale in war. In the First World War, over 1 million people, both soldiers and civilians, suffered casualties from chemical weapons—a grim harbinger of the hundreds-of-thousands yet to die by this scourge.

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[1] Source: Department of State *Bulletin*, March 1989, pp. 4–6. Secretary Shultz addressed the Conference on the Prohibition of Chemical Weapons held in Paris, January 7–11.

[2] The Geneva Protocol, signed on June 17, 1925, and entered into force for the United States on April 10, 1975; 26 UST 571.

[3] Brackets are in the source text. Article 23(a) of the annex to the Laws and Customs of War on Land signed at The Hague Peace Conference of 1899 prohibited belligerents from using "poison or poisoned arms," and Article 23(e) prohibited them from using "arms, projectiles, or material of a nature to cause superfluous injury;" see *Treaties and Other International Agreements of the United States of America, 1776–1949*, compiled by Chales I. Bevans, Vol. 12, pp. 263–268.

The fate of the survivors scarcely was better than that of those who immediately succumbed. An eyewitness later described them:

> Faces, arms, hands were a shiny gray-black. With mouths open and lead-glazed eyes, they were all swaying backwards and forwards trying to get their breaths, struggling, struggling for life.

In the Great War, the deadly chemical clouds swept over western and eastern fronts alike, acknowledging no boundaries and uniting in horror and shared suffering many of the nations and governments represented here today. This destruction conferred no military advantage. It simply made the deadlock of conflict that much more devastating—so terrible that the world community finally was moved to act.

That action came quickly, and culminated in the 1925 Geneva conference, where the major nations of the world—the U.S. Government among them—crafted an agreement which outlawed the use in war of chemical and biological weapons. The work of the conference had effect for six decades. To be sure, these legal and moral barriers erected in Geneva were tragically breached in the 1930s and 1940s. Therefore, Franklin Roosevelt was correct when he said that it was "the general opinion of civilized mankind" that chemical weapons should be outlawed.

That opinion remains valid. Yet, in recent years, the international norms against chemical weapons use have begun to erode in practice—first in the Middle East and, most recently, in regional conflicts from Southeast Asia, to Afghanistan, to the Persian Gulf.

And even if peace should come to these strife-ridden areas—and we hope and pray and work for the day that it does—this horrific legacy of chemical weapons use quite literally will harm them for years to come. As the 1970 World Health Organization report on the effects of the possible use of chemical and biological weapons on civilian population groups concluded: "Chemical and biological weapons pose a special threat to civilians. Large-scale use of chemical and biological weapons could cause lasting changes of an unpredictable nature in man's environment."

The consequences of past chemical weapons use still plagues Europe today. Unexploded chemical munitions from World War I continue to release their aging—yet lethal—contents into the waters where they were dumped. North Sea fishermen and bathers in coastal areas still suffer mustard gas burns from sunken and deteriorating chemical munitions. Similarly, unexploded chemical munitions now littering the waters of the Shatt al Arab will threaten human life and the environment for decades to come.

So like the contaminated battlefields of Europe, the residue of more recent chemical weapons use in other strife-ridden parts of the world—unexploded chemical munitions, people maimed for life, a poisoned environment—will be reminders for generations of those vicious conflicts.

Must it take a fresh shock of human tragedy—must more places like Flanders Fields earn their place in the history books through the particular ghastliness of their destruction—before governments work together to restore respect for the international norms against chemical weapons use? Ninety years ago, our predecessors at The Hague conference only could imagine the horrifying destructive potential of chemical weaponry. Today we have witnessed its devastating capability. We cannot claim now that we have not seen, that we do not know. But have we the will, the courage, and the vision to act on the collective conscience of mankind and control this proliferating threat to civilization?

We cannot delay. Time is not on our side. Technology is not stagnant. Ever more lethal and insidious chemical weapons are being developed—weapons which defeat defenses and are devastating in their effects. The ability to produce such weapons is rapidly spreading—and with it the technology to produce ballistic missiles as delivery vehicles.

None of us can escape the consequences of chemical warfare. Its resurgence has placed an additional burden on international organizations and specialized agencies that already are overwhelmed with the victims of war in hospitals and refugee camps. Victims of chemical warfare rarely have proper protective equipment or medical facilities. A number of governments represented here have generously treated victims at considerable expense in their specialized medical institutions. Out of fear more and more countries are heavily investing in protective equipment for their forces and in some cases for their civilian population. We must be alarmed that we have reached the point where some countries are prudently making special protective suits for children. Each of us now must consider the security of our embassies from chemical attack.

Moreover, we face the even more grotesque specter of the proliferation of biological weapons. Nations are developing, producing, and stockpiling ever more deadly and resistant strains of disease in violation of the 1972 Biological and Toxin Weapons Convention.[4] It is no hyperbole to state that the mere existence of these weapons pose one of the most serious threats to the survival of mankind.

Isn't it grimly ironic that these new and deadly threats have arisen to haunt us at the very time we have begun to make progress in controlling and reducing nuclear arms? A nightmare for all, of course, would be the combination of ballistic missiles, chemical warheads, and biological weapons in the hands of governments with histories of the conduct of terrorist violence.

Terrorists' access to chemical and biological agents is another growing threat to the international community. There are no insurmountable technical obstacles that would prevent terrorist groups from using chemical weapons. With the inhibitions against employing such weapons now weakened through recent use—and with targets for conventional terrorist attacks becoming better protected—terrorist groups could be tempted to shift, without warning, to use of chemical weapons for dramatic political and media attention. The threat is a real one. Some governments which have been known to sponsor terrorism now have sizeable chemical weapons capabilities.

At stake in all of this is not just the violation of codes of international conduct but civilization itself. If we tolerate the breakdown of barriers against the use of chemical and biological weapons, such agents of mass destruction may come to be seen as both advantageous and legitimate in pursuit of national security interests—as just another "weapon of choice." Countries that use chemical weapons in violation of international law are wrong—and they know it. We must not legitimize, by our acquiescence, a practice that will threaten all civilized societies.

President Reagan, in a speech to the UN General Assembly, proposed this conference. Let us recall his words.

> . . . poison gas, chemical warfare—the terror of it; the horror of it. . . . It is incumbent upon all civilized nations to ban, once and for all . . . the use of chemical and gas warfare.[5]

The international community must act now on several fronts to eradicate the threat of chemical weapons, prevent their illegal use, and staunch their dangerous proliferation. Even as we push forward in the Geneva negotiations to ban the development, production, acquisition, stockpiling, retention, or transfer of chemical weapons, each of us now must take steps to strengthen our political commitment to expose the threat and control the spread and use of these hideous weapons.

My government never has underestimated the difficulties—chief among them, verification—that must be overcome in pursuit of this urgent objective. When Vice President Bush, on behalf of President Reagan, tabled the 1984 draft treaty in Geneva,[6] he said that a comprehensive ban on chemical weapons cannot work unless states are prepared to "commit themselves to a new but absolutely necessary degree of openness"—"a new way of doing business." But however formidable the challenge, the world community should not underestimate the United States' determination to overcome those problems and put an effective treaty into force.

Recently, President-elect Bush has declared that one of his highest priorities will be to deal with what he appropriately calls "this terrible scourge."[7] He has said that he wants to be remembered as the President who—working with our allies, the Soviet Union, and other nations—brought about the elimination of chemical warfare and chemical weapons.

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[4] Signed April 10, 1972, and entered into force for the United States on March 26, 1975; 26 UST 583.

[5] The quotation is from President Reagan's speech to the U.N. General Assembly on September 26, 1988; see *Weekly Compilation of Presidential Documents*, October 2, 1988, pp. 1209–1210. All ellipses in this document are in the source text.

[6] Vice President Bush presented the U.S. draft treaty to the Conference on Disarmament on April 18, 1984. For text of his speech on that occasion, see *American Foreign Policy: Current Documents, 1984*, pp. 93–98.

[7] The quotation is from a speech that Vice President Bush gave during the Presidential campaign at the University of Toledo, Ohio, October 21, 1988.

The world community needs to band together and rededicate itself—forcefully and effectively—to the purposes and principles of the 1925 Geneva protocol. No country should face the threat of chemical weapons alone, for no country is immune to it. We must be prepared to exercise statesmanship, to cooperate, and to exact enforcement.

We, therefore, call on this conference to support the following steps immediately.

—Every nation must undertake the political commitment to comply with the international norms relating to chemical weapons use.

—Nations which have not done so should accede to the 1925 Geneva protocol.

—The UN Secretary-General's ability to investigate promptly allegations of illegal use of chemical weapons in armed conflict should be reinforced and enhanced.

There is still more that we must do, both at this conference and after it.

We should consider procedures for humanitarian assistance to victims of chemical weapons attack. We need to bolster support for the measures embodied in the UN Charter should there be any future illegal use of chemical weapons—and here I have Chapter 7 sanctions expressly in mind. As President-elect Bush has said:

> . . . the nations guilty of chemical warfare must pay a price. They must know that violation of the ban against the use of such weapons carries a heavy penalty. Not just a fine or a minor sanction that can be ignored.[7]

There is an urgent need for steps to achieve greater international restraint in the export of chemical weapons-related technologies, chemicals, and weaponry. Since 1985, the United States has cooperated with 18 other nations to coordinate efforts to control international trade in chemical weapons-related commerce. We should explore possibilities for more effective means to control the transfer of chemical weapons precursors, technology, and weapons without impeding legitimate commerce and peaceful pursuits that will benefit mankind.

Finally, I also urge you to join me in committing our governments not only to prevent the use of chemical weapons in armed conflict but also to prevent the spread of chemical weapons to terrorist groups.

The problem of chemical weapons proliferation is as difficult as it is dangerous. The challenge it poses to world security is so urgent that international efforts in this area should not be made contingent on other difficult arms control issues, such as nuclear proliferation. And if we are to deal with the chemical weapons threat effectively in all its respects, we must see the problem for what it is.

Chemical weapons proliferation is *not* an issue between the developed and developing world. It is *not* a matter of some nations trying to maintain a monopoly on chemical weapons by making it impossible for other nations to obtain them. All countries have everything to gain by keeping their focus on the real issue: preventing these weapons from spreading and being used, even as we devote ourselves to ridding the world of those which already exist.

For our part, the United States has participated actively in the negotiations at the Conference on Disarmament since 1971. We are committed to success in these negotiations, and we will stay at the table for however long it takes. We will abide by the 1925 Geneva Protocol and all other provisions of international law related to the use of chemical weapons, including the 1949 Geneva conventions.[8] We urge every country here—indeed, every country in the world—to make a similar pledge.

We all owe a debt of gratitude to the Government of France and to President Mitterrand for assembling the world community here in Paris in answer to President Reagan's call at the UN General Assembly. Together, we must meet the challenge posed by chemical weaponry. It is a global challenge. And it is grievously apt that these weapons were first used during the first worldwide war in human his-

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[8] Reference is to several conventions on the protection of war victims, all signed at Geneva on August 12, 1949, and entered into force for the United States February 2, 1956; for text, see 6 UST 3114.

tory. But as experience, stretching back almost a century to The Hague Gas Declaration, teaches us, sweeping statements of principle are not a substitute for concrete deeds. We all have an obligation to take action.

The resumption in the past 25 years of chemical warfare is a dangerous step backward for mankind, for reason, for civilization. President-elect Bush has called the outbreak of chemical warfare and ballistic missile proliferation "sharp reminders of how easily the nations can turn from the high road and head for the abyss." And he has declared it his "solemn mission" to work with the international community "to stop it and stop it now!"

Now is the time for us all to stand up and face our responsibilities squarely. Together, let us get on with the task of fulfilling our solemn moral and legal obligations.

We must, quite simply, reaffirm the international norms against chemical weapons and raise them higher. Unless we summon the political will and establish rigorous and reliable international means of vigilance and restraint, we will condemn ourselves to repeat tragic experience. We already have witnessed one century-long cycle of international concern, followed by violence, tragedy, outrage, and then, alas, complacency.

I am haunted by a poem written in 1916 by the great American poet Carl Sandburg—in his time a European war correspondent. It is called "Grass," and it ends with these stark and bitter lines:

> Pile the bodies high . . . at Ypres and Verdun.
> Shovel them under and let me work.
> Two years, ten years, and passengers ask the conductor:
> What place is this?
> Where are we now?
> I am the grass.
> Let me work.

I say to you now, let us instead work to ensure that we never forget the victims of chemical warfare. Let each and every one of us work to ensure that neither the passage of time nor the exigencies of the moment ever again obscure the responsibilities we have to all mankind.

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19. Condemnation of the Use of Chemical Weapons

Final Declaration of the Conference on the Prohibition of Chemical Weapons, Paris, January 11, 1989[9]

The representatives of States participating in the Conference on the Prohibition of Chemical Weapons, bringing together States Parties to the Geneva Protocol of 1925 and other interested States in Paris from 7 to 11 January 1989, solemnly declare the following:

1. The participating States are determined to promote international peace and security throughout the world in accordance with the Charter of the United Nations and to pursue effective disarmament measures. In this context, they are determined to prevent any recourse of chemical weapons by completely eliminating them. They solemnly affirm their commitments not to use chemical weapons and condemn such use. They recall their serious concern at recent violations as established and condemned by the competent organs of the United Nations. They support the humanitarian assistance given to the victims affected by chemical weapons.

2. The participating States recognize the importance and continuing validity of the Protocol for the prohibition of the use in war of asphyxiating, poisonous or other gases and bacteriological methods of warfare, signed on 17 June 1925 in Geneva. The States Parties to the Protocol solemnly reaffirm the prohibition as established in it. They call upon all States which have not yet done so to accede to the Protocol.

3. The participating States stress the necessity of concluding, at an early date, a convention on the prohibition of the development, production, stockpiling and use of all chemical weapons, and on their destruction. This convention shall be global and comprehensive and effectively verifiable. It should be of unlimited duration. To this end, they call on the Conference on Disarmament in Geneva to redouble its efforts, as a matter of urgency, to resolve expeditiously the remaining issues and to conclude the convention at the earliest date. All States are requested to make, in

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[9] Source: Department of State *Bulletin*, March 1989, p. 9.

an appropriate way, a significant contribution to the negotiations in Geneva by undertaking efforts in the relevant fields. The participating States, therefore, believe that any State wishing to contribute to these negotiations should be able to do so. In addition, in order to achieve as soon as possible the indispensable universal character of the convention, they call upon all States to become parties thereto as soon as it is concluded.

4. The participating States are gravely concerned by the growing danger posed to international peace and security by the risk of the use of chemical weapons as long as such weapons remain and are spread. In this context, they stress the need for the early conclusion and entry into force of the convention, which will be established on a non-discriminatory basis. They deem it necessary, in the meantime, for each State to exercise restraint and to act responsibly in accordance with the purpose of the present declaration.

5. The participating States confirm their full support for the United Nations in the discharge of its indispensable role, in conformity with its Charter. They affirm that the United Nations provides a framework and an instrument enabling the international community to exercise vigilance with respect to the prohibition of the use of chemical weapons. They confirm their support of appropriate and effective steps taken by the United Nations in this respect in conformity with its Charter. They further reaffirm their full support for the Secretary-General in carrying out his responsibilities for investigations in the event of alleged violations of the Geneva Protocol. They express their wish to early completion of the work undertaken to strengthen the efficiency of existing procedures and call for the co-operation of all States, in order to facilitate the action of the Secretary-General.

6. The participating States, recalling the Final Document of the First Special Session of the United Nations General Assembly Devoted to Disarmament in 1978,[10] underline the need to pursue with determination their efforts to secure general and complete disarmament under effective international control, so as to ensure the right of all States to peace and security.

20. Achievements of the Conference on the Prohibition of Chemical Weapons

Press Conference by the Director of the Arms Control and Disarmament Agency (Burns), Paris, January 11, 1989 (Extracts)[11]

. . . .

[General Burns]: The United States appreciates very much the work that the Government of France accomplished here in organizing and executing this conference. The United States is gratified with the successful results of the conference. We believe that the goal that the President of the United States set in September at the UN General Assembly to focus world attention on chemical weapons use has been accomplished. We also believe the discussion of proliferation of chemical weapons has heightened the concern of the world about that particular problem. Furthermore, we believe that considerable attention has been given and the spotlight of world opinion has been focused on the CD Conference, the CD negotiations in Geneva. And we hope that these negotiations will be given an added stimulus by the 149 nations that met here in Paris this week.

I'd be happy to answer your questions together with the three Ambassadors who led our charge here.

. . . .

Q. Iraq is able to leave this conference unpunished and with no mention of sanctions in the final communiqué. More than that, they can claim that they leave with a military victory in their pocket over Iran. With that as a backdrop, my question is with all that you and other diplomats are saying about political impetus and the stimulus, what good does that do?

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[10] For text of the Final Document, June 30, 1978, see *Documents on Disarmament, 1978*, (Washington, 1980), pp. 411–439.

[11] Source: Department of State files. Assistant Secretary of State for Politico-Military Affairs H. Allen Holmes; Representative to the Conference on Disarmament Negotiations Max Friedersdorf; and Lynn Hansen, Assistant Director, Bureau of Multilateral Affairs, Arms Control and Disarmament Agency, also answered questions at this press conference.

A. The psychology of diplomacy is often dfficult to define in very precise terms. I'm sure as you would agree. The idea was to focus world opinion. I think that happened. Iraq was present. Iraq had a chance not only to respond but to listen to the opinions of other countries and a number of opinions were voiced about the current use of chemical weapons. The conference was not called to pillory particular countries. It was called to heighten the concern of the nations of the world, and 151 nations here all to some extent had their concerns heightened.

Q. Talking about Iraq, Iraq has asked to be allowed to enter the Conference on Disarmament in Geneva. Would the United States allow the gate to be opened for other than the 40 States in making decisions of this Geneva Conference on Disarmament?

A. There are already provisions for the voices of other nations to be heard in Geneva at this particular conference. I don't think that it would be wise at this point to change the rules of the game since we hope that in a reasonable time we'll be able to achieve an agreement. Changing the rules of the game would only lengthen that time.

Q. In your statement, General, you say that President Reagan called this conference as a reflection of our deep concern and alarm over the dangerous speed and resurgent use of chemical weapons.[12] There have been constant references to the "recent use." I think we all can, In the space of 10 years or so, it's a beautiful word, "recent." Why did it take 10 years for President Reagan, well 8 years, to show his deep concern? And as a follow-up to that, with regard to deep concern you have here, "For our part, we will continue to exercise export controls and urge others to do the same." What do you mean by controls, sir, does that mean that some countries can have the chemicals exported to them, that you can deal with some countries but not with other countries? It's all right for some countries to buy and sell chemical weapons but not the bad guys?

A. To answer the first part of your question, the United States has been concerned about every use of chemical weapons and has protested it both bilaterally and multilaterally. The President in September attempted to further focus world attention on this, and that was the purpose of his remarks to the UN General Assembly. With regard to export controls, the United States believes that chemical weapons and precursors to chemical weapons in the quantities required for chemical weapons should not be exported or imported in international trade. The United States believes in absolute control of the movement of chemical weapons. Now, there is a gray area. There is a gray area because there are some fairly innocent chemicals that can be used in making chemical weapons. There, we're concerned about large quantities, weapons-great quantities if you will. But the United States is opposed to the traffic in chemical agents and chemical weapons.

Q. General, we're told that in these Geneva talks that have been droning on for a decade or so, that the major sticking point is verification and that's understandable. How can a new political impetus that may come out of this meeting help overcome that? Isn't the problem of verification something that is going to have to be satisfied, something that is going to have to meet the Senate's satisfaction, and be to the satisfaction of the leadership in the United States?

A. I believe that's correct. But I think we also have to recall that it's only in the last months or years that the United States and the Soviet Union have been able to come to some accommodation, if you will, on the problem of verification in the general sense, on-site inspection and intrusive verification. I think that has changed the verification picture. There is work to do on verification certainly. But now the framework has been established in which we may be able to find a solution to this problem.

Q. To follow up on the question from CBS, in George Shultz's speech the other day, he said that two subsidiary objectives for the United States were to bolster support for sanctions under Chapter Seven and he called attention for the need of export controls that would be coordinated internationally. The statement issued today refers to appropriate and effective steps, unspecified, that might be taken by the United Nations. And in the export area, it refers to the exercise of restraint by individual states, and there is no reference to any coordinated effort. Do you think you fell short, as it appears, of an explicit reference to sanctions and to export controls? Why is it that you were unable to muster support in this setting which involves a large number of states and consensus to achieve your objectives?

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[12] Burns handed out a prepared statement at the outset of the press conference. For text, see Department of State *Bulletin*, March 1989, pp. 9–10.

A. If the United States wrote this statement, which it did not, then the language might have been stronger. But remember this is a consensus document and there are concerns at various parts of the world about some of the more explicit language such as sanctions language. We believe that we've made an important step in the direction of being able to deal with these two issues. There is recognition among most of the states of the world in this statement that the UN has a role to play and the UN Charter is still operational. I think that's very important.

Q. (Partially inaudible question asking why the language was not stronger.)

A. Ambassador Holmes was the U.S. Working Group Chairman in the Committee of the Whole.

A. (HOLMES): I would just note that the language, certainly on Chapter Seven, although it doesn't mention Chapter Seven by name, every country that was present in the negotiating session of the Committee of the Whole knew very well what we were talking about. In fact, quite a number of countries in their interventions identified Chapter Seven sanctions. So the point is that the capability to use Chapter Seven is there. It's in the UN Charter. There are some very specific times when it can be evoked and the conference in that part of the declaration drew attention and reminded the world that they're available for use.

Q. Then I'll ask again, why wasn't that written in the document?

A. Because this is a unanimous consensus conference, as many international conferences are. Remember we have a certain thing called national sovereignty in this world at this time. I think what I would point out though is that to understand the conference one cannot just read the final document. One must take the 109 speeches made over the last 5 days. Individual countries said important things in that hall on the other end of the building and I think it's going to take several months of study to understand exactly what countries said. And then, let's read the final document in that context.

Q. We have heard a little while ago, Mr. Dumas, who is the Foreign Minister of France, and when he was asked to interpret Article Six in the Final Communiqué, he gave to this specific article an interpretation that gives the impression that there is a linkage between the chemical arms and atomic weapons. Would you give the same interpretation to this article?

A. We will find, as in other international documents, varying interpretations will be given and legal scholars will make a living on interpreting these interpretations. No, we don't see a linkage in that paragraph.

Q. Mr. Burns, the final statement says that there is a growing danger posed by the use of chemical weapons as long as such weapons remain and are spread. Does that mean that the United States thinks that the fact of possessing chemical weapons is dangerous?

A. The United States believes that the existence of chemical weapons is dangerous, and that's why we're negotiating in Geneva to eliminate chemical weapons, including stocks of chemical weapons possessed by the two nations that have declared them.

. . . .

Q. Sir, what can you say to people who have been victimized in modern times by chemical weapons, that this conference is not simply a love feast, another conference of fancy words, and that what happened to them will not happen again to them or to anyone? How do you persuade them of this?

A. I don't think you can persuade victims of chemical warfare, conventional warfare, or any other kind of warfare that a conference itself is going to help them. First of all, they're victims now. What this conference is designed to do is take the situation as it exists and move forward to eliminate these scourges. The problem of victims of war has been the subject of other conferences in the past. The only way that I would be satisfied, after spending 35 years in uniform, is if we can eliminate the scourge of war and solve the problem of victims of war for future generations.

Q. I'd like to direct my question, General, to whomever is perhaps most intimately involved in the daily grind of trying to make progress in Geneva. I don't know which one of you would like to field that, could you give us some specific, practical examples of how this rather bland document is going to be of use to you, working in Geneva. What are you going to have that you didn't have before, or is it possible that just the process of arriving at this bland document might be more useful than the document itself?

A. (FRIEDERSDORF): I think it's very hard to quantify that in exact terms. I think that one of the impacts will be psychological. We are in session in Geneva now almost constantly year-round, both multilaterally and bilaterally, with our Soviet colleagues. I don't think it's a time factor that's involved. Perhaps we can include the quality of our talks. You must remember one of the main obstacles at Geneva, without getting into the four or five areas that are very difficult—such as the globality of the treaty, the mechanism we're intending to set up to supervise it, and the actual verification regime itself—is the fact that we have 40 nations there, unlike our negotiations with the Soviet Union on INF and START and other bilaterals where you're two nations. We have 40 there and representing every region in the world, with not only their national but their regional interests. That is one of the obstacles, the fact that the talks in Geneva are so large. But I think it will have a psychological, it will have an impact here on the nations at the capital level, that perhaps will be reflected at the level that we're working in Geneva. It's bound to strengthen world opinion for settling the convention. You must remember up until recent months there's been very little attention—I think until we had events recently that prompted President Reagan to call for this conference here in Paris that has been so successful—there was very little notice given to what was going on in Geneva. In fact, I think the whole world thought that the dreaded scourge of chemical weapons was gone forever since World War I. But with what has happened in the Gulf and other areas, I think that the fact that we have had this conference, that there will be more public opinion focused on Geneva, I think will be of great assistance. I know that I will go back as the U.S. Representative with renewed determination and drive to try and succeed in concluding this at the earliest date possible.

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21. The Bush Administration's Nonproliferation Policy

Prepared Statement by the Under Secretary of State for Security Assistance, Science and Technology (Bartholomew), May 18, 1989 (Extracts)[13]

. . . .

As I suggested a few moments ago, the nuclear nonproliferation regime has a highly developed and articulated system of institutions and controls. The legal and institutional framework is well known. It includes the Nuclear Non-Proliferation Treaty (NPT);[14] the Treaty for the Prohibition of Nuclear Weapons in Latin America (Treaty of Tlatelolco);[15] the International Atomic Energy Agency[16] with its vital system of international safeguards and its program of technical assistance for peaceful nuclear development; the agreed norms for approving nuclear exports embodied in the Nuclear Supplier Group Guidelines[17] and the NPT Exporter's

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[13] Source: *Global Spread of Chemical and Biological Weapons: Hearings Before the Committee on Governmental Affairs and Its Permanent Subcommittee on Investigations, United States Senate, One Hundred First Congress, First Session* (Washington, 1990).

[14] Treaty signed at Washington, London, and Moscow July 1, 1968, and entered into force on March 5, 1970; 21 UST 483.

[15] The United States did not sign this treaty but signed Protocols I and II at Mexico City May 26, 1977, and April 1, 1968, respectively. Protocol I entered into force for the United States November 23, 1981; Protocol II entered into force for the United States May 12, 1971. For texts of the treaty and Protocol II, see 22 UST 754; for text of Protocol I, see 33 UST 1792.

[16] For text of the IAEA Statute signed at New York October 26, 1957, and entered into force July 29, 1957, see 8 UST 1093.

[17] The Nuclear Supplier Group Guidelines were developed in the mid-1970's by several exporting nations of nuclear technology to define the conditions under which nuclear technology could be exported to other nations. In 1978 these guidelines were published as IAEA document INFCIRC/254.

Committee Guidelines;[18] and an intricate web of bilateral and multilateral agreements for peaceful nuclear cooperation establishing conditions and controls for nuclear commerce, as well as national export control and national nonproliferation legislation.

We must continue to work to strengthen these institutions including:

—increase the number of adherents to the NPT and work toward a successful Review Conference in 1990 and 1995;

—continue support for the IAEA while resisting attempts to politicize that institution;

—improve international export controls, including discussions with emerging suppliers such as Brazil and Argentina; and,

—continue ongoing bilateral consultations with key countries including the Soviet Union and the United Kingdom.

. . . .

Our efforts to curb the spread of nuclear weapons date back some 40 years. In contrast, missile proliferation is a more recent problem. Because these delivery vehicles are fast flying and difficult to detect and counter in flight, they pose the threat of surprise attack. Their presence in politically tense regions can be destabilizing, increase tensions, and encourage countries to put their military forces on hair-trigger postures.

Just as we confronted the possibility of large-scale nuclear proliferation in the early 1960's, we confront the same problem today with missiles. By the end of this century, up to 20 countries may have missiles and many could be armed with chemical/biological or nuclear warheads. A large number of these countries are located in regions, such as the Middle East, where political tensions are high and the potential for conflict is great.

The political, military, and technical trends which have encouraged the spread of missiles are relatively clear. First, the know-how to build missiles has become widespread through the growth of export oriented defense industries in industrialized countries and the growth of indigenous industries in the developing world.

Second, there has been growing demand among developing countries for missiles, to deal with perceived security threats, enhance national prestige, and to foster economic development.

Third, many industrial states have strong incentives to assist other countries in acquiring missiles and the capability to build them. These interests include enhanced political influence, hard currency earnings, and support of key domestic industries. Moreover, little of the international indignation which would accompany the transfer of nuclear or chemical weapons has accompanied the transfer of missiles or related technologies.

However, the proliferation of missiles is by no means inevitable. Building a missile is exceedingly difficult, even with foreign assistance. Also, missiles are expensive to buy, build, or maintain. For many countries with economic problems, this cost can be prohibitive. Moreover, missile programs may not be a top national priority. The broad support required to enter production may not be present, particularly if there are competing priorities, high costs, and technical problems. Finally, international awareness about the dangers of missile proliferation, especially in key supplier countries, is growing.

We recognize both the potential for missile proliferation, and the realities working in our favor. U.S. policy, in concert with other concerned countries, must be designed to increase the political, economic, and diplomatic costs associated with buying, building, or selling these weapons. The goals of our effort are to:

—deny the sale or acquisition of missiles;

—delay acquisition by increasing the time and resources needed to develop or buy missiles;

—increase international pressure which will assist our efforts to curb proliferation; and

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[18] In the early 1970's, the NPT Exporter's Committee Guidelines were developed to indicate those nuclear items that should be covered in safeguard agreements between the IAEA and non-nuclear states. For a list of these items, see INFCIRC/209.

—limit potential damage to our policy or interests where missile acquisition cannot be prevented or delayed.

We have an established international regime for nuclear nonproliferation. For missiles, however, our efforts have just begun. Under President Reagan, the United States helped establish the Missile Technology Control Regime (MTCR), an export control arrangement which includes the Group of Seven countries, the United Kingdom, France, West Germany, Italy, Canada, Japan, and ourselves.[19] The Reagan administration also pursued other approaches including discussions with key suppliers outside the MTCR, the USSR, the People's Republic of China, emerging suppliers such as Argentina and Brazil, and key countries in the Middle East and South Asia.

A great deal of work remains. We are now examining several key issues and options. Some of these are sketched out below.

—The first challenge we face is how to improve multilateral efforts to curb missile proliferation. Our policy has focused on the MTCR which seeks to control the export of missiles and related technologies. The MTCR has had a substantial impact on some developing programs which rely heavily on the import of foreign technology. For example, the Argentine/Egyptian/Iraqi Condor II missile is far behind schedule due, in part, to the MTCR. But the regime also suffers from a number of problems.

First, multilateral export control policies are complex and differences in national laws, regulations, policies, and interpretations can limit their effectiveness. Such differences arise in the case of the MTCR.

Second, the regime's members currently include only the Group of Seven industrialized countries. Some important suppliers are not members and therefore the potential for undercutting the regime is great.

Third, several countries seeking missile capabilities are relatively advanced in technological areas key to missile design and construction. They have a relatively independent technological capability to construct large rockets. In such cases, export control regimes have limited effectiveness.

Finally, as currently structured the regime has no incentives for developing countries seeking to either buy or build missiles to abandon their activities.

We plan to work closely with our MTCR partners to resolve differences in interpretation over the regime's controls, to tighten the MTCR export controls, and to expand membership, particularly to other members of the European Community.

We must also examine other multilateral options which include all countries, industrialized and developing. Whether future approaches will be based on universal adherence, incentives for developing countries, or some other formula remains to be decided.

—A second key issue is how to secure the cooperation of the Soviet Union and the PRC. Both countries are key players in curbing missile proliferation because of their diplomatic influence and status as major suppliers of missiles and technology. We have held discussions with the Soviets on missile proliferation, including at the recent Moscow ministerial where we proposed to share assessments of the problem on a fully reciprocal basis and agreed to work on a common approach. With regard to China, in nearly all our high-level contacts in 1988 and 1989, we have stressed the dangers of missile proliferation and sought Chinese restraint. The Chinese have been responsive to our concerns and we will continue to raise this issue in our dialog with them.

The Bush administration intends to pay greater attention to involving these key countries in our nonproliferation efforts. We are still considering whether the most fruitful approach would be to focus on bilateral discussions, to work towards their membership in the MTCR, or to seek some other international arrangement in which they would participate.

—Third, we need to further examine the possible benefits of a regional component in stopping missile proliferation. Just as with nuclear proliferation, curbing the spread, particularly the demand for missiles, may require regional approaches to complement our other efforts. We have taken preliminary steps in the Middle East and South Asia, where the danger of missile, nuclear, and chemical/biological proliferation poses the greatest threat to international stability.

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[19] For documentation on the origins of the Missile Technology Control Regime, see *American Foreign Policy: Current Documents, 1987*, pp. 74–80.

We need to promote a dialog on missile proliferation through diplomatic contacts with countries in these regions, with our MTCR partners and with other key suppliers. And, we need to study in greater detail how our efforts can help lessen tensions created by the presence of missiles and in eventually reducing the threat posed by these weapons.

—Finally, more consideration needs to be given to the role of security assistance in curbing missile proliferation. Just as with nuclear proliferation, there may be an important role for security assistance in our missile nonproliferation policy. Such assistance can help dissuade countries from acquiring or building missiles and help our friends cope with the threat of missile attack.

In closing, I would like to reemphasize that nuclear and missile nonproliferation are important priorities for the Bush administration. Our immediate tasks differ in both: to maintain and strengthen the well established international nonproliferation regime for nuclear explosives, and to better enforce and expand the still evolving regime for missiles. However, our goals are the same, namely to curb the spread of these advanced technologies. Dealing effectively with these problems will require a bipartisan approach. I stand ready to work closely with Congress to achieve this important goal.

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22. Opening of Round Eleven of the Nuclear and Space Talks

Statement by President Bush, June 19, 1989[20]

Today marks the opening of round XI of the nuclear and space talks in Geneva. Ambassador Richard Burt, the chief negotiator to the Strategic Arms Reduction Talks, heads the U.S. Delegation. Ambassador Henry Cooper is our chief negotiator to the defense and space talks. My objective for these negotiations is to achieve verifiable agreements that improve our security while enhancing stability and reducing the risk of war. In the Strategic Arms Reduction Talks, our emphasis will be on creating a more stable nuclear balance and strengthening deterrence by reducing and constraining those strategic nuclear forces which pose the greatest threat to security and stability. We will pursue complementary goals in the defense and space talks, seeking an agreement on a cooperative transition to a more stable nuclear balance that relies increasingly on defenses.

After extensive deliberations with my advisers, I have approved instructions for the U.S. START Delegation. These instructions reaffirm much of the treaty text negotiated with the Soviets by the previous administration. Modifications will be proposed in some cases. The United States will be prepared to address all the issues on which the two sides have not reached agreement, as the negotiations proceed. In addition, I have reserved the right to introduce new initiatives aimed at further enhancing security and strategic stability.

Of all the outstanding START issues, verification may be the most complex. It will be especially critical in determining whether START enhances U.S. security and strategic stability. As part of our overall negotiation effort, as the talks resume in Geneva, the United States will also propose that the two sides make a special effort to agree on, and begin implementing as soon as possible, certain verification and stability measures drawn from proposals that both sides have already advanced in START or other contexts. These measures will enhance verification of a START treaty and contribute to strategic stability. Early agreement and implementation of them will speed resolution of outstanding issues and give added momentum to the efforts of our two countries to conclude expeditiously a START agreement.

Our approach to these arms negotiations and to our force modernization programs are complementary and mutually reinforcing. Maintaining credible and effective nuclear deterrent forces is essential both to our security and to our ability to negotiate sound and stabilizing agreements. A successful START treaty will reduce the risk of war, but will not diminish our need to rely on modernized, effective strategic forces for continued deterrence. Indeed, our security would be reduced rather than enhanced if we do not modernize our forces while the Soviets continue to modernize theirs. We must continue to pursue both our force modernization and arms control and not make the mistake of treating one as a substitute for the other.

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[20] Source: *Weekly Compilation of Presidential Documents*, June 26, 1989, pp. 932–933.

Our negotiators return to the bargaining table with my firm pledge that we will work vigorously to achieve fair and far-reaching agreements that strengthen peace. Nothing has higher priority. I am heartened by the growing evidence that the Soviet Union is prepared to negotiate seriously about agreements that promise to reduce the risk of war. Much has already been accomplished in the negotiations; much remains to be done. Our commitment is unwavering. We must build on our achievements thus far to reach agreements that fulfill our objectives of reducing the risk of war and enhancing security and stability.

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23. Beginning of Round Four of the Nuclear Testing Talks

Statement Issued by the White House, June 26, 1989[21]

Today marks the beginning of round IV of the Nuclear Testing Talks (NTT) in Geneva between the United States and the Soviet Union. Ambassador C. Paul Robinson heads the U.S. delegation to the talks.

The U.S. approach to these negotiations complements our efforts to reach agreements that will strengthen our security and enhance stability. A priority for these step-by-step talks is to complete protocols to provide for effective verification of the Threshold Test Ban Treaty of 1974 (TTBT) and the Peaceful Nuclear Explosions Treaty of 1976 (PNET),[22] neither of which has been ratified because they were not verifiable in their original form.

Much has been accomplished in the negotiations, and we will build on the progress that has been made. We have substantially completed the protocol to the PNET, and we will be working to complete the TTBT protocol, which governs nuclear weapons testing. Since the TTBT and PNET are complementary treaties, they and their protocols will be submitted to the Senate as a package for advice and consent to ratification.

Our approach to these negotiations is based on a realistic approach to our security: For the past four decades, a strong nuclear deterrent has been the foundation of our security and freedom. As long as we must rely on nuclear weapons, we must continue to test to ensure their safety, security, reliability, effectiveness, and survivability. We resume these negotiations determined to complete the task of concluding the verification provisions, which are essential to sound and stabilizing agreements.

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24. Prospects for Progress on Arms Control

Press Conference by Secretary of State Baker, September 21, 1989 (Extracts)[23]

Q. Shevardnaze said that the Americans presented some new and interesting ideas. Can you help us and tell us what they were?

A. I think I alluded to some of these in my press conference a day or so ago at the State Department.[24] We have, of course, mentioned before the President's "open skies" proposal.[25] We have talked about the possibility of reaching a memorandum of understanding on chemical weapons. We have talked about the possibility of progress on the nuclear testing talks which would permit us to move forward with the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty—perhaps get those in shape some time next year to send to the Senate. These are two treaties that we've been abiding by for 15 years and that we haven't been able to get in shape to send to the Senate. These are some of the things, I think, that perhaps he was talking about.

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[21] Source: *Weekly Compilation of Presidential Documents*, July 3, 1989, p. 979.

[22] For text of the Threshold Test Ban Treaty of 1974, see Department of State *Bulletin*, July 29, 1974, pp. 217–218; for text of the Peaceful Nuclear Explosions Treaty of 1976, see *ibid.*, June 28, 1976, pp. 802–812.

[23] Source: Department of State *Bulletin*, November 1989, pp. 1–3. The press conference was held at the White House following President Bush's meeting with Soviet Foreign Minister Shevardnadze. For text of Secretary Baker's opening statement at this press conference, see Document 182.

[24] For text of Secretary Baker's press conference on September 19, see Department of State *Bulletin*, November 1989, pp. 39–43.

[25] On May 12, President Bush called for a revival and expansion of former President Eisenhower's "open skies" initiative; see Document 178.

Q. I think he was talking about START; it seemed that he was. Did you present a new proposal on START outside of the banning of the mobiles?

A. Nothing that I didn't refer to in my press conference of a day or so ago.

. . . .

Q. Outside Minister Shevardnadze mentioned a whole list of arms control topics that are in this letter.[26] He mentioned particularly strategic offensive nuclear missiles and the ABM Treaty issue. Have you evaluated what Secretary Gorbachev has said in this letter, and can you give us your sense of how much movement there really is in this letter on arms control issues?

A. The letter is very detailed. It is also very technical. And it does cover the full range of arms control issues, all the way from chemical and "open skies" and START and nuclear testing and conventional. It's a fairly long letter.

With respect to the subject that you mention, I think it's going to require a bit more analysis, but we will be discussing that in detail with them in Wyoming. Let me simply say that the letter, in some instances, restates long-held Soviet positions. In some instances, it puts new twists on those positions.

Q. Did the President bring up the foot-dragging charge and express his objections to that charge?

A. No, he did not.

. . . .

Q. Were you suggesting that there was nothing dramatically new on arms control in the Gorbachev—

A. No, I'm not suggesting that at all. I'm just simply saying that it is a long letter. It is detailed. It is technical. It covers the full range of arms control issues. In some instances, there are restated positions. In some, however, there are new twists, and we'll just have to—we just got it. So we'll have to get into the details a little bit later on.

. . . .

Q. You at least had enough chance to see this lengthy letter from Gorbachev to be able to distinguish between longstanding positions and new twists that are in it. Can you tell us what some of these new twists may be, and does the ABM treaty—their position on the ABM treaty—fall in the category of longstanding position or the category of new twists?

A. I think that's going to depend on a bit more analysis. In some respects, there's some ambiguity in the latter, and in the space of a 1-hour meeting, we did not have time to get into that level of detail. We will do so. I'm not in a position to tell you that right now.

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25. Reaffirmation of the U.S.-Soviet Commitment To Ban Chemical Weapons

Joint Statement by Secretary of State Baker and Foreign Minister Shevardnadze, Jackson Hole, Wyoming, September 23, 1989[27]

During their September 22–23 meeting in Jackson Hole, Wyoming, Secretary of State James A. Baker, III and Foreign Minister Eduard A. Shevardnadze reaffirmed the commitment of the United States and the U.S.S.R. to pursue aggressively the prohibition of chemical weapons and the destruction of all stockpiles of such weapons on the basis of a comprehensive, effectively verifiable, and truly global ban. Both sides consider the early conclusion and entry into force of a convention to this effect to be one of the highest priorities for the international community. They believe that with the active and constructive participation of all states, it will be possible to resolve expeditiously the remaining issues and to conclude the convention at the earliest date and call upon all parties to the negotiations to join them in achieving this objective.

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[26] Reference is to Gorbachev's letter to President Bush, which Secretary Baker summarized in his opening statement. See footnote 23 above.

[27] Source: Department of State *Bulletin*, November 1989, pp. 8–9. Baker and Shevardnadze met at Jackson Hole September 22–23. See also Documents 183 and 184.

The two sides also believe that greater openness between them and among others could contribute to the prospects for reaching an early agreement on an effective ban on chemical weapons. As a concrete expression of the commitment of their two countries toward this end, the Secretary of State and the Foreign Minister signed a Memorandum of Understanding regarding a bilateral verification experiment and data exchange.[28] The steps agreed upon in the memorandum are intended to facilitate the process of negotiation, signature, and ratification of a comprehensive, effectively verifiable, and truly global convention on the prohibition and destruction of chemical weapons.

The verification experiment and data exchange will be conducted in two phases. Phase I involves the exchange of general data on the sides' chemical weapons capabilities and a series of visits to relevant military and civil facilities on their respective territories. In Phase II, the sides will exchange detailed data and permit on-site inspections to verify the accuracy of the information exchanged.

The sides also agreed to undertake a cooperative effort with respect to the destruction of chemical weapons. They agreed to reciprocal visits to monitor destruction operations of the other side and to the exchange of information on past, current, and planned destruction activities and procedures.

The sides noted their agreement on some procedures for conducting challenge inspections and on the provisions governing the order of destruction of chemical weapons and of chemical weapons production facilities. These two approaches will be introduced into the multilateral negotiations in Geneva in an effort to contribute to those negotiations. They also stressed the need to concentrate in the near future on resolving remaining verification-related issues. The two sides intend to pursue intensively their bilateral discussions on a chemical weapons ban with the view to help achieve further progress in the multilateral negotiations.

The Secretary of State and the Foreign Minister expressed their grave concern about the growing danger posed to international peace and security by the risk of the illegal use of chemical weapons as long as such weapons exist and are spread. They reaffirmed the importance of and their commitment to the final declaration of the Paris conference on the prohibition of chemical weapons held earlier this year as well as their commitment to the 1925 Geneva protocol. The two sides emphasized the obligation of all states not to use chemical weapons in violation of international law and urged that prompt and effective measures be taken by the international community if that obligation is violated. In this regard, they underscored their support for the UN Secretary-General in investigating reports of violations of the Geneva protocol or other relevant rules of customary international law.

The sides welcomed Australia's convening of a Government-Industry Conference Against Chemical Weapons, which has just concluded in Canberra.[29] They noted that this conference provided an important opportunity for serious discussion between government and industry representatives from around the world. The sides expressed satisfaction with the extensive and productive work accomplished at the conference and the positive results reflected in the chairman's final summary statement.

Finally the sides expressed the view that a truly global, comprehensive, and effectively verifiable ban on chemical weapons is the best means to address the threat posed by the spread of chemical weapons on a durable long-term basis. In the meantime, the sides emphasized their readiness to attempt to prevent the proliferation of chemical weapons. They intend to continue consultations on this issue.

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[28] For text of this memorandum of understanding, see Department of State *Bulletin*, November 1989, pp. 18–20. The Secretary and Foreign Minister also signed agreements on reciprocal advance notification of major strategic exercises and on principles of implementing trial verification and stability measures that would be carried out pending the conclusion of the U.S.-Soviet START treaty. For texts, see *ibid.*, pp. 20–21 and 21–24, respectively.

[29] This conference was held September 18–22. For text of the statement by Richard A. Clarke, head of the U.S. Delegation, September 19, see *ibid.*, November 1989, pp. 45–47.

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26. U.S. Positions on Nuclear Testing and Chemical Weapons

Statement by President Bush, September 27, 1989 (Extracts)[30]

. . . .

Q. Mr. President, speaking of summits, Shevardnadze has said that a START treaty is very possible by the time of your summit with Gorbachev in spring or early summer. Do you agree with that assessment?

THE PRESIDENT. Yes, I do. And I think the setting of a summit perhaps will serve as a catalyst for moving forward. But it's not a given, it's not absolutely certain that that's what's going to happen. But I would agree that we have a good likelihood that might happen.

Q. How about the—

THE PRESIDENT. I don't want to set it up so that if we don't have every "t" crossed and "i" dotted, that the summit next spring or summer is considered a failure. But, yes, I'd have to agree with him.

Q. And how about a moratorium on nuclear testing? Would you go for that?

THE PRESIDENT. Well, as long as we are dependent for a deterrence based on nuclear weapons, I would have difficulty eliminating all testing. We've made some progress on PNET, on Threshold Test Ban Treaty, but it's important that these weapons be safe, it's important they be sound. And so, we're perfectly prepared to discuss that, but I think we do have some differences on it if that is Mr. Gorbachev's position.

. . . .

Q. Mr. President, are you willing to do away with chemical weapons if the Soviet Union goes along with that, just like they proposed yesterday,[31] even as you negotiate an international treaty?

THE PRESIDENT. No, absolutely not.

Q. Why do we need—

THE PRESIDENT. I said what we're willing to do. We need a certain sense of deterrence, and we need to have some leverage to get a lot of other proliferating countries to do what I think the world cries out for—enter into an agreement to ban them all. It was like the argument on the INF. Do you remember a few years ago—on INF weapons? People were saying, don't deploy, that will disrupt all negotiations. We went forward, we deployed, and then we got an agreement to eliminate them all. It's the same theory involved there.

Q. But, surely, there are other weapons that would act as a deterrent other than chemical weapons to those countries.

THE PRESIDENT. Well, let's sell that idea to these other countries, and I think you're onto something. But I'm not going to do something unilaterally on that; I've already said what we're going to do. And we're prepared to sit down and talk to the Soviets about it. But I think in the final analysis that—we're pretty close to agreement on the principles that I enunciated the other day.[32] And the fact that they come back, I view that as very positive. I don't view that as one-upmanship of some sort in arms control. I think it's a very positive manifestation of what I'm talking about, about a more civil climate here.

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[30] Source: *Weekly Compilation of Presidential Documents,* October 2, 1989, pp. 1447, 1450. Following his remarks to reporters on an upcoming education summit in the Oval Office at the White House beginning at 10:35 a.m., the President held this question-and-answer session.

[31] Shevardnadze announced this Soviet initiative in his speech to the U.N. General Assembly on September 26. For extracts, see *The New York Times*, September 27, 1989, p. 9.

[32] See Document 4.

27. Prerequisites and Principles for Arms Control

Address by Secretary of State Baker Before the Commonwealth Club of California, San Francisco, October 23, 1989[33]

As you know, this speech was supposed to be given last week. A terrible tragedy intervened [earthquake in the San Francisco area on October 17],[34] and naturally I thought at first that I should cancel it.

In view of the suffering, it did not seem right to come here and speak to you about arms control. But you requested that I fulfill this commitment, and that is a telling sign of your character. It is the truly American character of facing up to disaster, taking its measure, and then getting on with the work. It is the truly bay area character of looking to the future.

Your deeds, beyond the power of any words to convey, are the most eloquent testimony to your resilience; a resilience, I might add, that is capturing the imagination of the whole country. You are working hand-in-hand with one another to turn crisis into opportunity, to turn pain into progress, and to turn a world tossed upside-down right-side up. My heartfelt condolences go out to the families of the victims. And my prayers are with you.

I would like to begin my discussion with you today by talking about another October crisis, a crisis 27 years ago—the Cuban missile crisis of 1962. For it is a crisis that seems so far, far away, so remote from the tragedy you are now overcoming so well.

The contrast in relations between Moscow and Washington in October 1962, and in October 1989 could not be greater. In October 1962, we faced a blustering Soviet Union; its leader talked of burying us. Today we face a sobered Soviet Union; its leader talks of restructuring his society.

In October 1962, the Soviet economy was growing and ready to feed an unrelenting arms buildup. Today the Soviet economy is virtually bankrupt.

In October 1962, the Soviet space program raised fears we would lose the race to the Moon. Today the Soviet Union is racing to avoid being left behind as much of the world moves from the industrial age into a new century.

And 27 years ago this month, we stood—as you all no doubt recall—eyeball-to-eyeball on the brink of war. Today, by contrast, superpower relations are as promising as we have ever found them since the Second World War. Looking back the Cuban missile crisis posed the clearest possibility for nuclear war in the postwar era. Looking forward we face the clearest opportunity to reduce the risk of war since the dawn of the nuclear age.

The President has described our purpose as moving beyond the peace of armed camps to the peace of shared optimism. Last week I described our strategy for achieving this goal through a prudent search for points of mutual advantage.[35] Today I want to talk in more detail about one of those points: arms control.

Arms control can lend a strong hand in building an enduring peace, but arms control does not proceed in a political vacuum. Let me be clear: We compete militarily because we differ politically. Political disputes are fuel for the fire of arms competitions. Only by resolving political differences can we dampen the arms competition associated with them. To follow Clausewitz, if war is the continuation of politics by violent, military means, arms control is the search for a stable, predictable strategic relationship by peaceful, political means.

That is why our times are now so full of promise. Over the last 40 years, arms control played only a limited role in shaping the U.S.-Soviet security relationship, because our political differences were simply too wide to allow enduring and substantial progress. Western strength and Western unity sustained deterrence throughout this period when we all lived in the shadow of opposed values and conflicting purpose. Now, *perestroika* in Soviet domestic and foreign policy could, in part, lift the shadow. The political prerequisite for enduring and strategically significant arms control may finally be materializing. Surely the President was right when he wrote President Gorbachev in June, "We bear enormous—and mutual—responsibility to take advantage of the promise of these extraordinary times to improve international security."

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[33] Source: Department of State *Bulletin*, December 1989, pp. 14–18.

[34] All brackets in this document are in the source text.

[35] See Document 186.

The President and I have both said that we want *perestroika* to succeed. It would be folly, indeed, to miss this opportunity. Soviet "new thinking" in foreign and defense policy promises possibilities that would have been unthinkable a decade ago, such as deep, stabilizing cuts in strategic forces and parity in reduced conventional arms in Europe. Yet *perestroika*'s success is far from assured.

Any uncertainty about the fate of reform in the Soviet Union, however, is all the more reason, not less, for us to seize the present opportunity. For the works of our labor—a diminished Soviet threat and effectively verifiable agreements—can endure even if *perestroika* does not. If the Soviets have already destroyed weapons, it will be difficult, costly, and time consuming for any future Kremlin leadership to reverse the process and assert military superiority. And with agreements in place, any attempt to break out of treaties will serve as one indicator of an outbreak of "old thinking."

We can take advantage of the new political climate to consolidate deterrence at lower levels of risk. Through sound and verifiable agreements, we can shape and institutionalize a more stable, predictable strategic relationship. The changing political relationship between the Soviet Union and the United States should be reflected in changing Soviet force structures and strategic concepts. In this way, we can help to codify political progress in military reality and by doing so, underpin that progress and strengthen it.

Before outlining the tenets of this administration's arms control policy, I would like to say a few more words about the broader strategic environment in which arms control must operate.

Politically the Soviet Union is in the midst of this revolution of *perestroika, glasnost,* and democratization. The new thinkers understand that Stalin's system must change fundamentally if the Soviet Union is, as Mr. Gorbachev has said, to enter the 21st century in the manner worthy of a great power. To this end, the Soviet leadership has done much and promised even more for political, economic and legal reforms. While his reforms need to be extended, codified, institutionalized, and made habitual, the political face of Soviet power is being changed already.

The prospects for reform are just as great—in some cases perhaps even greater—in Poland, Hungary, East Germany, Czechoslovakia, and the other countries of Eastern Europe. While the trends should not be overstated, the political foundations of a Europe divided by force since 1945 are crumbling away. We can move toward the President's vision of a Europe whole and free.

These great political changes are set in a time of vast technological changes. Our military tools are being reshaped by emerging technologies that could offer greater security. Advances in sensor technology, data processing capabilities, and precision-guided munitions present novel ways to strengthen deterrence.

We need to be careful, however, also to see the darker side of changing technological realities. More nations are acquiring the capacity to make chemical weapons and to manufacture missiles. With many of these regimes locked in continuing regional conflicts, the explosive escalation potential of their disputes is obvious.

I would add, too, that these technological changes are taking place in a time of changing defense economics. Everyone has noted the Soviet Union's compelling need to convert some of its vast expenditures for the military into domestic reconstruction. The era of rapidly rising defense budgets is over in the West too. From the new technologies, we are going to have to pick very carefully those weapons that strengthen deterrence most cost-effectively.

What do these political, economic, and technological changes add up to? Strategically, the world we've planned for since the Cuban missile crisis is increasingly distinct from the world we actually face. Threats to our interests are changing politically and multiplying technologically. Our capabilities are being improved technologically but constrained economically.

Our fundamental values and interests will endure. But as our strategic environment is transformed, we need to look anew at some of our guiding concepts and approaches. Many long-held assumptions may need to be rethought. Strategy aligns ends and means. As both shift, strategy may have to shift too.

For example, we need to think about the future of both European security relations and the central superpower strategic relationship. Today's historical political transformations in Eastern Europe—if suitably institutionalized—make such reassessments doubly important. In light of the growing threat to our global interests and power projection forces posed by the proliferation of new technologies, we also need to reconsider our strategy for Third World conflicts. Over the longer term, we need to consider if strategic defense options, deep reductions in nuclear and conventional weapons, increasingly powerful conventional munitions, and shifts in Soviet strategy will alter our requirements for deterrence.

To cope with this changing environment, defense programs and arms control must work together. This is a prerequisite for a coherent, integrated strategy that reduces the risk of war by deterring aggression while promoting American values. Both defense programs and arms control can serve the common goals of enhancing stability, ensuring predictability, and bolstering deterrence. As our strategy may change in response to an evolving strategic environment so, too, our defense programs and arms control positions would also change. Together security will be enhanced.

Clearly neither defense programs nor arms control can do the job alone. No remotely achievable START agreement, for example, can restore the survivability of our silo-based ICBMs. To maintain the integrity of the triad, we will need to rely upon the deployment of mobile missiles as a key component of our nuclear modernization program. But START can play a key role. It can reduce the Soviet threat to our forces and thereby make survivability through mobility more feasible. Without START to constrain the Soviet threat, the job of ensuring reliable deterrence would be less predictable and affordable. Without the START negotiations, the domestic consensus needed to support essential modernization programs—not only mobile ICBMs but also B–2, Trident, and SDI—would be difficult to sustain. Likewise without our strategic modernization program, the benefits of a START agreement would be sharply reduced. Thus our force modernization and arms control efforts reinforce one another.

In September I announced the President's decision to allow mobile land-based missiles in START. Permitting mobile missiles only makes sense if the United States is willing to deploy them. For this reason, this decision is contingent on congressional funding of our mobile missile program. Congress needs now to support START, not undercut it, by funding this program. As Senator [Sam] Nunn said recently, "Unless we in the Congress can manage to put our ICBM modernization program back on track . . . the START negotiations face a very bleak and a very long future indeed."[36]

Another prerequisite for a successful strategy—for defense programs and arms control that work together—is the need for unity as a nation and as an alliance. This follows from a simple truism: United we stand, divided we fall. We should not tempt the Soviets with exploitable differences between the administration and Congress or between the United States and its allies. That does not exempt us, of course, from the need for informed debate. It is imperative that we maintain open and honest discussions about strategy and arms control matters within the strategic community and with the public at large. As we deter possible aggression, we must—as the noted military historian Michael Howard has put it—reassure our peoples that their defense dollars are efficiently and effectively supporting the cause of peace. An open, frank debate is the surest formula for unity. But such a debate must begin and seek to reach some resolution before treaties are signed if we are to bring home treaties in the national interest.

As a contribution to such a debate, I would like to move now from the prerequisites of arms control to the basic goal of our arms control policy and the principles for achieving it.

The main goal of arms control is to reduce the risk of war—any war, nuclear or conventional. We hope to prevent war by working toward a stable, predictable strategic relationship. Stability requires military forces and policies such that no one can gain by striking first even in the worst crisis. Beginning a war, especially a nuclear war, must never become a Soviet option—even a least-worst option, as a noted strategist once put it. Predictability requires that sufficient openness and transparency prevails to prevent misperception, miscalculation, and an inadvertent war—a war no one wanted but no one could stop. The more open and transparent Soviet military affairs, the greater trust and confidence we can have in Soviet intentions.

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[36] All ellipses in this document are in the source text.

Four principles guide our search for a stable, predictable strategic relationship.

First, we seek reductions in first-strike, surprise attack capabilities. We seek stability through proposals to reduce those capabilities most suited for offensive, *blitzkrieg*-style actions and preemptive first-strikes. In CFE, we've concentrated on eliminating Soviet advantages in those weapons most suited to seizing and holding territory: tanks, artillery, and armored personnel carriers. In START we have focused on reducing the most destabilizing weapons, especially vulnerable, silo-based heavy ICBMs, such as Soviet SS–18s. These weapons are suited principally for preemptive first-strikes and not for retaliatory missions. In Wyoming we proposed banning short-time-of-flight sea-launched ballistic missile (SLBM) tests, seeking in this way to reduce the capability for a Soviet decapitating first-strike. Our START proposals emphasize the relative merits of slow-flying weapons—such as cruise missiles and bombers which are not suitable for a first-strike.

Our SDI program also supports our emphasis on stability. Effective strategic defenses can contribute to survivable, cost-effective barriers to a successful first-strike. That is why we look favorably on the decision made by the Soviets in Wyoming to delink the defense and space talks from START. This Soviet decision to no longer hold START hostage to resolution of defense and space issues removes a key obstacle to a START treaty while enabling us to proceed with our SDI plans. We remain committed to preserving our right to conduct SDI activities consistent with the ABM Treaty. And we will use the defense and space talks to explore a cooperative and stable transition to a greater reliance on stability-enhancing, cost-effective strategic defenses.

Our second principle—predictability through openness—expands the traditional focus of arms control on capabilities. Every war has its own unique causes, but surely Thucydides made an important general point when he wrote, "What made war inevitable was the growth of Athenian power and the fear which this caused in Sparta." Arms control has mainly focused on the first part of this equation: constraining or reducing destabilizing military capabilities. Now in expanding the agenda, we are working to deal with the other aspect of Thucydides' equation: fears of aggressive intent. We are pushing to make Soviet military activities more open and transparent. The more we know and understand, the more we can be assured that our fears are not results of misperception or miscalculation. Greater openness is the surest path to greater predictability and a lower risk of war, especially inadvertent war.

The President's "open skies" initiative is a clear example of this new focus in arms control. Openness about military forces and activities is at the heart of the talks on confidence- and security-building measures (CSBMs) among all the states of Europe. In those negotiations, we are proposing an all-European military data exchange about our forces and weapons programs. In keeping with the spirit of openness we found at the Wyoming ministerial, we signed an agreement on notification of strategic exercises and invited the Soviets to visit our SDI facilities. The chemical weapons data exchange will help us move toward a verifiable global ban. Defense Minister Yazov's visit earlier this month is just one of a series of exchanges that provide face-to-face opportunities to understand the Soviet military. And we have pushed the Soviets to publish a real defense budget that reveals the inputs into and outputs from their defense production process.

Openness in military affairs is just part of our overall emphasis in our dealings with the Soviets on creating open, pluralistic institutions. On his recent visit, Soviet Defense Minister Yazov talked of the increasing influence of Supreme Soviet committees over the Soviet defense complex. We hope that Soviet military power may increasingly be exposed to the salutary effects of detailed and searching public debate.

Greater openness combined with force reductions will support political change as well. In FCE our proposals will reduce the potential not only for a Soviet *blitzkrieg* but for Soviet intimidation of Western Europe. The Soviet Army we face as a potential army of aggression is to East Europeans an army of occupation. The weight of the Soviet military presence in Eastern Europe will be reduced. Freed from the cold shadow of Soviet military domination, political pluralism and free markets should flourish more easily in Eastern Europe.

A more predictable strategic relationship should also be less expensive. Arms control can, as the President wrote Mr. Gorbachev, "introduce predictability into military planning so that we can slow the pace of military competition." A slower competition could be a cheaper and safer competition. But our desire to save money must not come into conflict with the necessity for security.

The third principle of our policy is a broadened arms control agenda, far wider than its traditional East-West nuclear focus. We are broadening our agenda with the Soviets, both in terms of dealing with pressing global arms control problems, like chemical and missile proliferation, as well as focusing on regional conflicts. In an increasingly intertwined world, a stable, predictable U.S.-Soviet strategic relationship depends in part on regional stability and vice versa. Earlier I noted that advanced technologies were proliferating to the Third World. Advanced fighters have gone to Libya, Syria, and North Korea. Over 20 states possess the capability to produce chemical weapons. And nuclear proliferation, notably North Korea's reactor program, remains dangerous. Arms control should increasingly focus on such problems.

The President's UN initiative can lead us toward a verifiable global ban on chemical weapons. The President's proposal represents a realistic road map for progress. As a step toward a multilateral ban, we will move bilaterally with the Soviets to reduce chemical weapons to 20 percent of the current U.S. levels. We will further slash stocks to just 2 percent of their current levels within 8 years after the multilateral convention goes into effect. This total cut of 98 percent is a substantial acceleration of previous destruction plans. Then we will move to zero within 2 years of adherence to the ban by all chemical weapons-capable states.

We realize it may be difficult to persuade problem states such as Libya and Iraq to join, but we are creating an environment where everyone will have incentives to join and costs to pay for remaining an outlaw. Export controls on precursor chemicals will be strengthened, building on progress made at the recent Canberra conference. The President has also ordered a study on sanctions to deter and punish chemical weapons use and other violations of a convention. States must know that they will pay a price for their inhumanity.

Our fourth principle is institutionalization of a safer world. The President aims to reduce the risk of war permanently, not temporarily. We want to see Soviet defensive military operations made habitual. We want to see the "new thinking" concretely built into the Soviet force structure. We want to see weapons destroyed, not merely removed. And we want agreements that can endure.

Effective verification can ensure that the treaties we sign are doing their job to institutionalize a safer world. Because of the primacy of effective verification in this administration's approach to arms control, our negotiators have already proposed data exchanges and trial verification measures that would be implemented even before the agreements themselves are concluded. Such measures in START and in chemical weapons will help us build confidence and gain practical experience that will facilitate the conclusion of sound, verifiable agreements. A sustainable and enduring arms control process also means avoiding limits, for example, on sea-launched cruise missiles, that would create unmanageable verification and compliance problems.

Neither have we stood still in pressing the Soviets to comply fully with agreements already signed. In September President Gorbachev informed the President that the Krasnoyarsk radar would finally be destroyed. We welcome Moscow's step to come into compliance with the ABM treaty.

These four principles of a more stable, open, broader, and less reversible strategic relationship offer a realistic path to a lasting reduction of risk. It is a path best traveled by steady steps that build on one another, rather than grand leaps that are often as not unrealistic or undone. In

START, in CFE—in all our negotiations—we have made fair, responsible proposals designed to find enduring points of mutual advantage. The Soviets have said yes to much of what we have proposed. Now we have rolled up our shirt sleeves and set to work together to put principle into practice.

We should be clear about the task ahead. We are not on the verge of a perpetual peace in which war is no longer possible. We cannot disinvent nuclear weapons nor the need for continued deterrence. Nor can we completely eliminate Soviet-American rivalry. But that rivalry does not require that we stand on the brink of Armageddon as we did 27 years ago this month. Peace need no longer hang solely on Winston Churchill's "process of sublime irony . . . where safety will be the sturdy child of terror and survival the twin brother of annihilation."

Deterrence need not rest only on a delicate, technical balance of terror disturbed by periodic crises. Opportunity invites us, instead, to move beyond containment, beyond the cold war, to a new strategic relationship based on a sound political footing.

A new relationship in which the capabilities and incentives to attack first are minimized and the possibilities of strategic defenses are pursued. A new relationship in which Soviet military power is open to the naked eye, not just satellites in the sky. A new relationship in which all the peoples of Europe are free of military intimidation. A new relationship in which effectively verifiable treaties lock in a lower risk of war. And a new relationship in which arms control aids our people in turning the seeds of war into the fruits of peace.

This is the strategic relationship we seek.

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28. Close of Round Twelve of the Nuclear and Space Talks

Statement by the Head of the U.S. Delegation to the Nuclear and Space Talks (Burt), Geneva, December 8, 1989[37]

I am delighted to be here today with Ambassador Nazarkin. We have just held our final plenary session, marking the end of round 12 of the nuclear and space talks. With us is Ambassador David Smith, the chief U.S. defense and space negotiator, who will comment on developments in the defense and space talks.

This joint press conference serves as an important symbol that the strategic arms talks have entered a new stage. After Malta a START agreement is now within sight.[38] President Bush and Chairman Gorbachev agreed in Malta to put the START talks on a fast track and to seek to resolve all major outstanding issues by the June summit.

The strategic arms talks have gathered increasing momentum since I arrived here last June. Wyoming gave this process renewed vigor, which continued throughout this negotiating round. Now, after Malta, it is clear "business as usual" in the arms control process is an attitude of the past. Here in Geneva, we can feel a new tenor and a new tempo in the nuclear arms talks. The goal is set; the task defined. We have our marching orders. We took important steps toward such a goal during this negotiating round.

While our work in Geneva this round has produced significant results across-the-board, it has been especially productive in the area of verification and inspections. As you may recall, President Bush last June put forth a series of verification and stability initiatives. He proposed that the two sides agree, on a trial basis, to implement now some verification measures. At the Wyoming ministerial, Secretary Baker and Minister Shevardnadze signed the first of these measures, an agreement on notification of major strategic exercises.

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[37] Source: Department of State files. Ambassador Burt made this statement at a press conference.

[38] Presidents Bush and Gorbachev met at Malta, December 2–3; see Documents 187–189.

I am pleased to announce that the two sides have recentlly reached agreements on two additional verification and stability measures and expect to sign a third measure soon.

First, the sides signed an agreement to conduct reciprocal exhibitions of strategic bombers. Procedures will be demonstrated by which our inspectors will distinguish between bombers which are equipped to carry air-launched cruise missiles (ALCMs) and those bombers not so equipped.

Second, we have implemented an agreement to conduct reciprocal demonstrations of techniques for applying unique identifiers on ballistic missiles, a process referred to as "tagging." Experts from both of our countries met here to take part in this exercise. In essence, the "tag" on a missile will act as its fingerprint, thereby insuring that each missile can be uniquely identified.

Third, I expect the United States and the Soviet Union to sign soon an agreement to conduct reciprocal trial inspections of ballistic missile warheads. The trial inspections will demonstrate procedures for verifying that the number of re-entry vehicles, or "warheads," on a ballistic missile does not exceed the number assigned to it in the START treaty.

It is important to understand the context of these measures. In June, President Bush announced the verification and stability initiative. It is designed to encourage the two sides to agree on and implement, as soon as possible, certain measures which will help the sides gain valuable experience in verification procedures. The measures will allow the sides to learn, early on, what the technical verification problems will be so that the sides can work out unresolved issues without delaying the implementation of a START agreement.

The United States and the Soviet Union have now implemented a series of these measures. They will substantially enhance transparency and predictability in the arms control process and act as important confidence-building steps.

In another positive development, the Soviet Union accepted Secretary Baker's invitation to Foreign Minister Shevardnadze in Wyoming for a group of Soviet experts to visit two U.S. laboratories where SDI research is conducted. This visit will show further openness in the U.S. SDI program and facilitate negotiations on U.S.-proposed predictability measures. This visit, which Ambassador Smith will address in greater detail, will begin next week.

I am particularly pleased to announce today that, at the end of this round, the United States formally lifted its proposed ban on mobile ICBMs. This step will allow the two sides to make significant progress on the complex issue of verification of mobile missiles.

Finally, during this round, the United States tabled a revised defense and space treaty, which Ambassador Smith will discuss shortly.

Let no one be under the illusion that the road ahead will be easy. The two sides disagree on some major issues, and much work remains. Toward this end, Secretary Baker and Minister Shevardnadze will meet in late January to discuss arms control issues. We hope in this meeting they can resolve three maor areas of dispute in the START treaty: air-launched cruise missiles, nondeployed missiles, and a proposed ban on telemetry encryption. Each is an area of critical importance to a stabilizing and verifiable START treaty.

In the coming months, both sides must work hard to make the necessary decisions so that the goals elaborated in Malta can be fulfilled. Round 12 gives us a good basis to move toward that goal.

29. Verification and Submarine-Launched Cruise Missiles Issues at the START Talks

Press Conference by Secretary of State Baker, Brussels, December 15, 1989 (Extract)[39]

. . . .

Q. Mr. Secretary, could you give us some update as to what progress you are making on verification issues in the START talks? There have been some vibrations coming out of Washington that you are close to solving the verification issues that will allow you to move forward on a START agreement within a rapid time frame.

SECRETARY BAKER. Well, there are a number of issues that remain to be resolved before we can expect to have a START—strategic arms treaty. One of the consequences or results of the Malta meeting, as you know, was that both President Gorbachev and President Bush articulated a desire to move this process forward as expeditiously as possible having in mind that the objective is a good treaty, not just a treaty for a treaty's sake.

I think there has been some progress made at the technical level on some issues of verification. You'll recall that at Wyoming, at the ministerial in Wyoming, we broke the 15-year-old deadlock on verification respecting peaceful nuclear explosions and the test ban treaty. And there are some, there is some progress being made, as well, on verification on some of the remaining issues in START.

Not, I might add, the issue of SLCM's which is a very difficult issue and one that's going to have to be resolved before we can look for a START treaty. But we have—again coming out of Malta—we have a direction from both Presidents to the two foreign ministers to deal with successfully, if possible at our next ministerial in Moscow next month—or at the end of next month. I think—deal with the issues of air-launched cruise missiles, telemetry encryption and nondeployed missiles. So those are the things we are now focusing on in our interagency process in Washington.

Q. The SLCM issue must be solved before you are ready to sign a START agreement?

SECRETARY BAKER. Well, SLCM, SLCM's is one of the major issues still remaining out there, just as is ALCM's and nondeployed missiles. There are a number of major issues that must be satisfactorily resolved before we can have a strategic arms agreement.

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[39] Source: Department of State Press Release No. 248, December 15, 1989. Secretary Baker held the press conference at NATO Headquarters following the conclusion of the NATO ministerial meeting, December 14–15. Regarding this meeting, see Documents 127–129.

Chapter 5. Foreign Economic Policy

A. General Economic Policy

30. International Economic Challenges in the 1990s

Address by the Under Secretary of State for Economic and Agricultural Affairs (McCormack) Before the Conference on U.S. Perspectives, October 30, 1989[1]

One of my colleagues at the State Department has suggested—perhaps in a fanciful mood—that we are at the "end of history," a time when the ideological struggle between communism and capitalism will cease with the final triumph of liberal democracy around the world. This is surely an overstatement, as anyone who has read Plato's timeless thesis on the frequently cyclic nature of government (from dictatorship, to oligarchy, to democracy, to anarchy, back to dictatorship) will readily appreciate. Nevertheless, we can scarcely ignore the accumulating evidence that the postwar period is indeed coming to an end.

As we look back on one era and look forward to a new one, there is much that we have to be thankful for, mainly, of course, that the debate between communism and capitalism did not require a catastrophic world war for resolution.

But as we stand here at this point in history, with free market economics in triumph, with an unprecedented period of global economic growth, and with world trade expanding last year at 10%, there is a general feeling of optimism, cautious optimism as we look to the future. It is only cautious optimism, because any of us looking at the world picture can see some uncertainties that command our attention.

Today, I'm going to talk about three of these:

—How will Eastern Europe and the Soviet Union become integrated into the world economy?

—What have we learned from the international debt crisis?

—In what direction is the international trading system developing?

As all of you here know, the winds of political and economic change are sweeping Eastern Europe and the Soviet Union. The basic thrust for this change comes from the desperate economic situation in these countries. The Communist parties of these countries faced a terrible dilemma: Either accept the dislocations and uncertainties that major overhaul of the economy and political system would entail—or witness the gradual continued stagnation and decay that would otherwise proceed to the point that even maintaining strategic parity with the West would prove impossible. Their centrally planned and controlled economies simply do not provide enough to eat, the basic consumer necessities, or adequate housing. Communism as an economic experiment has failed because the incentives are all wrong. Innovation and hard work were, in fact, penalized by the very nature of the system. So its practitioners are turning to the West for inspiration and assistance. In short, they seek to become full players in the international economy.

We must ask not only how will they do it—indeed, if they do it—but what are the implications. The challenge of this daunting task—of moving from centrally planned to market-oriented economies—is unprecedented.

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[1] Source: *Current Policy* No. 1223, Bureau of Public Affairs, Department of State, October 30, 1989.

First, how will they do it? Economists can generally say what must be done: get prices right, control inflation and monetary expansion, create an independent central bank and bond markets, lower government deficits, stabilize exchange rates. With the help of the IMF, countries can map out a strategy to get their macroeconomic houses in order, as Poland now is beginning to do.

What we know less about, however, is the process. What step should be taken first, then second? How does a country dismantle an interrelated web of control without causing economic and social chaos? If, for example, input prices are allowed to rise before the prices of outputs, potentially sound businesses could be driven into bankruptcy. How can a social safety net be created to support the population that the reforms are intended to benefit without undermining the reforms themselves?

It seems to many of us that what Poland, for example, needs—in addition to IMF and Western assistance—is an EC-1992 plan,[2] a vision of its own. If Poland were to lay out a more detailed plan with a timetable for each step of the dismantling process, this could have a psychological and energizing effect. It would show the Polish people clearly where their government is leading them and when. They would be aware of the sacrifices but also the timing of potential benefits. As with the EC-1992 program, the excitement and visible progress of meeting goals feeds on itself and could instill the confidence needed to carry out difficult reforms. It could also serve as encouragement to foreign direct investment.

I returned a few days ago from an OECD meeting in Paris where we were reviewing the results of *perestroika* in the U.S.S.R., and noting the fact that the minor reforms were often failing because the major reforms were not yet in place. One man observed that this sort of reform was like a country switching from a highway system where you drive on the left hand side of the highway to a system where you drive on the right side, except the changes were progressively made starting one week with bicycles and later with cars and later still with trucks. Carnage is inevitable. That is why, I am sure, Mr. Sachs [Jeffrey Sachs, Harvard economist][3] is urging the Poles to do it all at once, so that the trucks don't crush the bicycles and thus discredit the experiment.

Second question: What does it mean to be part of the world economy? Now obviously, the economies of the East are already part of the global economic trading system, with important amounts of grain, oil, and other commodities trading hands between East and West. But what the Soviets clearly have in mind is full integration into the economic system of the West, including convertible currencies and membership in the Bretton Woods institutions. Poland and Hungary are already members of the World Bank, IMF and GATT. It is highly questionable, however, whether the Soviet Union, with its much greater economic and political potential, could become a member of the Bretton Woods Institutions until it demonstrates real action—not just promises—on such things as a realistic exchange rate, greater privatization, broader movement toward market mechanisms, and an effective pricing system.

Beyond the economic tags we put on the discussion, what we really are also talking about is the adoption of a philosophy of nongovernment-controlled economies and people, indeed, governments and economies that operate on the principle of freedom. Obviously, the Soviet Union has a way to go to reach these objectives.

Third question: Do we know the implications of integration of East European economies with the world economy? Probably not, given the uncharted territory on which they—and China—have embarked. But we might consider the trade impact on some LDCs that depend on barter trade with the planned economies. We also should consider the amount of Western financial support that this economic transition may require and the potential foreign policy fallout when this largesse does not—cannot—extend to all other needy countries. And will the reforms take hold before political or social upheavals occur? What steps, if any, can we in the West take to help prevent a Tiananmen Square incident and backsliding? And if this new breeze of freedom is turned off, what will we do?

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[2] Reference is to the European Communities' plan to integrate its members' economies and create a single European market by 1992.

[3] Brackets in the source text.

The truth of the matter is that we in the West can only do a limited amount to help and influence this reform process. Ninety-five percent of the burden of making economic and political reform in Eastern Europe work will have to be done by the East Europeans themselves. We in the West can make a 5 percent contribution to the process with advice, education, limited assistance, and encouragement. In the case of the Soviet Union with its vastly larger economy and infinitely more complicated political situation, the West's contribution to success will be closer to 1 percent, with 99 percent on the shoulders of the Soviets themselves.

Is the transition going to be successful? No one knows. We can all see the formidable obstacles. The task of shifting from a command economy to a free market economy is a virtually uncharted path. There is going to be a lot of experimentation and tactical failure associated with this process. There will be inevitable reverses. But one mistake that we in the West should not make is to go from "europhoria" about the prospects to despair as the process takes longer than some had hoped. In this difficult undertaking what matters is not so much the timing, but that the process succeeds in the end. The West has a lot at stake in that success, including lower risks for war itself.

International borrowing and other capital flows can play a constructive, even vital, role in the international economy. At its best, international lending provides a powerful engine for growth. For example, European lending to the Americas in the 19th century helped to finance the railroad system—although the United States defaulted on some of these loans. More recently, international capital has been used to good effect by a number of economies such as South Korea and Taiwan. International lending can provide the financing that facilitates the necessary imports for growth and development.

Unfortunately, much of the lending of the 1970s did not fill this desirable role. It is true, of course, that excessive—some would say even "addictive"—borrowing initially provided the means to accelerate growth. But this has been more than outweighed by the debt hangover of the 1980s, when the international debt crisis has contributed to economic stagnation in a number of countries.

For this sorry outcome, governments in both borrowing and lending countries share responsibilities. Too often, too little attention was paid to ensuring that the loans would be used to enhance productive capacities. Here, it seems to me, the international lending institutions have a better track record than national governments. Tying loans to specific productive projects provides a useful discipline. So does conditionality. The IMF clearly is in a better position to impose and follow through on conditions than is an outsider national government such as ours.

Private commercial bankers also share the responsibility for the debt crisis. In the 1970s, some banks were carried away by the prospects of easy profits and paid too little attention to the risks. Now we have the opposite problem. New money flows have largely dried up. Banks clearly must make their own decisions on these matters, but the question may at least be raised whether the banks are now too mindful of the risks. They may, in some cases, be overlooking the opportunities for new business in Latin America and other developing countries.

Let me take only the case of Brazil, which I observed closely as OAS Ambassador for nearly 4 years. From 1945–80, Brazil enjoyed compound annual growth rates approaching 10 percent a year. That was a phenomenal record which demonstrated a high degree of national talent and purposefulness. If you take a look at many of the indices of Brazilian society and its economy, you will find many similarities to the United States of 1900 as the United States was edging closer to the forefront of nations.

Let's not forget that we, too, had our panics, our depressions, our periods of misrule, large-scale defaults on loans, and at one point even a grotesquely wasteful civil war. But we emerged a strong, confident, and wealthy nation.

It would be a grave mistake to consider Brazil's current period of self-doubt and stagnation as a permanent condition, or even one which is likely to continue for a significant period. The same is true for a number of other countries in the region.

The great misfortune of the Latin American region has been a fatal attraction for a heavy state intervention in the economy, with all the attendant problems associated with this phenomenon. Macroeconomic errors compounded the problem.

But all over the world, governments and societies are struggling to reduce the state sector in economies to liberate the individual energies of the people. Anyone who thinks that Latin America will be immune to the impact of this global intellectual and economic revolution is dead wrong. And once the heavy hand of the state is lifted from these economies, and once sound macroeconomic policies emerge, you are going to see a new burst of economic growth that will impress you, assuming, of course, that the rest of the world trading system remains healthy and open.

Latin America is extremely important to the United States both strategically and as a market. Writing the region off now would be a foolish and self-defeating mistake. Look how fast East Asia came into its own once it got its policies right. Brazil, for example, is likely to emerge gradually as a world power in the course of the next half century.

A major challenge we face today in international trade is to determine what kind of international trading system we want. Since World War II, the United States has consistently worked for a more open multilateral trading system.

We recognized that in a sense the tensions that had led to two world wars had many of their ultimate roots in the scramble of manufacturing nations to secure markets and raw materials. This nation's commitment to the principles of freer trade was, in part, a desire to remove the incentives for war.

Fundamental to this approach has been the role of the GATT, which has spurred global economic growth through several rounds of tariff cuts. But like all institutions, GATT must change with the times.

This is precisely what the current GATT Uruguay Round of multilateral trade talks[4] is intended to do—update the GATT system to more closely reflect today's trade realities. GATT has succeeded in significantly lowering tariff barriers and has begun to chip away at nontariff barriers. But there are important areas that either are inadequately covered or not covered at all by GATT trading rules—agriculture, services trade, intellectual property, and trade-related investment measures. Over $1 trillion in goods and services trade is not covered by GATT rules. Beyond that, we have the pernicious phenomenon of de facto managed trade within the GATT rules themselves, violating the spirit, though not the letter, of the GATT. Examples abound. They range from voluntary restraint agreements to the complicated impediments to imports of various kinds that exist in Japan and various other important, major new participants in the global trading system.

The Uruguay Round is the most ambitious multilateral negotiation yet undertaken—over 100 nations are participating to hammer out agreements in 17 areas of the trade barriers. We are scheduled to conclude the Uruguay Round next year, December 1990.

The United States has made it clear that negotiators must adopt fundamental reforms—especially in agricultural trade—for the round to succeed. We must not forget that the ambitious agenda for the Uruguay Round was born out of a general fear of a new wave of protectionism. An empty subsequent agreement that does not meaningfully address the fundamental problems outlined at Punta del Este, Uruguay, would be a major disappointment and could add fuel to the very fire that the round itself was designed to quench. Some very tough bargaining lies before us in the year ahead.

Another challenge to the trading system is the stubbornly wide payments imbalances between countries, imbalances that pose increasing dangers if not corrected. I am speaking particularly, of course, of the U.S. trade deficit and the trade surpluses of Japan, West Germany, and certain others. Those imbalances were described at the Paris economic summit as unsustainable. And indeed they are.

In one of his final speeches as Secretary of State, George Shultz pointed out that the United States could not indefinitely run trade deficits and that ultimately the United States would have to run a trade surplus—a large trade surplus—to pay off the indebtedness which we have run up, the cost of essential imports, and the repatriated profits that will flow from foreign investment here.[5]

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[4] Reference is to the ongoing multilateral trade negotiations begun at the ministerial meeting of GATT Contracting Parties at Punta del Este, Uruguay, September 15–20, 1986.

This obvious but central fact has not really sunk in either domestically or internationally. Who wants to think about chilly weather during a glorious Indian summer?

To accomplish what will be required of us, we as a nation will have to save more, spend less, invest more, pour more resources and imagination into a modernized educational process and into research and development. We will also have to improve on one shortcoming that is pointed out to us by our Japanese friends, namely, our ability to turn our many technological breakthroughs into world class products ahead of the competition.

That's the part we will have to do domestically. At the same time, we are going to have to continue a major sustained effort to open up to a greater degree the domestic markets in Japan and other surplus countries, something very much in the mind of our colleagues at USTR and elsewhere in the executive branch. We are hoping that the structural impediments talks with the Japanese will also make a contribution to this effort over time.

Japan is frequently cited by American trade experts, not because there are not problems elsewhere, but because there is an imbedded trade deficit exceeding $50 billion a year that has, thus far, been immune to our currency realignment measures and other efforts to be more competitive.

Trade practices, which were not unduly unsettling during the immediate postwar period when we were helping Japan to get back on its feet, become far less acceptable when they involve what is now one of the largest economies in the world.

What troubles us? Such things as a percentage of U.S. exports to Japan of semiconductors which remains fixed at about 10 percent of market share regardless of the relative state of the dollar and the yen and regardless of the condition of the economy. It is clearly a managed percentage. And it is not an isolated example.

The patent system of Japan is also troubling to us, as it operates in such a way as to limit the ability of overseas and, indeed, Japanese investors to protect and market their inventions. Corning Glass' difficulties with its fiber optics technology is a case in point.

Petty harassment of imports is another impediment, including such things as the individual inspection of roses at customs, which does not exactly encourage the large-scale import of flowers. This latter obviously affects the exports of Colombia more than the United States, but it is symptomatic of a broader problem. The customs system is simply not geared for the efficient processing of many imports.

An antiquated, small-scale distribution system tied to local manufacturers and bid-rigging on an impressive scale are additional problems that we are trying to address in the structural impediments talks.

Now, at this point, I would add that many of these problems are very familiar to me as a historian, because they are broadly reminiscent of past U.S. trade and economic practices which go back to the 1920s in some cases.

In fact, if you look a bit, you will find many parallels between Japan of today, and the United States of the 1920s. Both were newly emerging economic giants with limited national consciousness of their real role and responsibilities in the world economy. Both emerged during major international debt crises, the United States during the post-World War I debt crisis; Japan during the more recent one.

The trading policies of both countries were driven by mercantile considerations; both were governed by center right parties; both were characterized by a certain amount of highly speculative economic activity. We had our Florida land boom (and bust); Japan of today has seen land prices rise to stratospheric heights, to the point that the tiny island in Tokyo upon which the Emperor has his palace and grounds is worth more than half the state of California.

Fortunately, the world has learned a great deal since 1929, so I would expect the parallels to end differently. But when I read last Thursday in the lead item of the *Wall Street Journal* about Japan's massive current capital expansion plans, even in those industries where there is existing overcapacity, I know that all involved will want to beware of the problem identified by Kondratief more than a half a century ago, namely the potential for overcapacity in production to impact upon sustained economic growth.

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[5] Apparent reference to Secretary of State Shultz's address before the Financial Executives Institute in San Francisco, October 10, 1988; for text, see Department of State *Bulletin*, December 1988, pp. 16–19.

If I were a Japanese planner at this point, I would be thinking a bit more about the need for greater public investment in Japan, more and better highways, better housing for the people, and a better deal for the consumers of the nation.

As I stated clearly at the outset, I am optimistic as I look to the future. We have made substantial progress on our trade and budget deficits, our autos and many other products are far superior to those we were producing a decade ago. We have won the world battle for free market economies and that inevitably means greater prosperity for more people, including customers for U.S. exports in the years ahead.

The only things we have to do to ensure that this beautiful and productive garden continues to bloom and produce are to remove the weeds on a timely basis and make sure that enough fertilizer is added periodically.

It is a fascinating time to be involved with international economics, and it has been my pleasure to have been with you this morning.

B. Trade and Financial Policy

31. Direction of U.S. Trade Policy

Statement by President Bush, February 6, 1989 (Extracts)[1]

Well, it is a great pleasure for me to be here for the swearing-in of our friend, Carla Hills, as U.S. Trade Representative. This is a position of great importance to our country. And with the emergence of a truly global economy, trade issues have taken on a new prominence. And I think, as Lord Macaulay so rightly said, that "Free trade is one of the greatest blessings which a government can confer on a people."

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America, as the world's number one trading nation, has the largest stake in the continued expansion of world trade, which has been one of the key factors in our growing prosperity. In addition, our trade relationships are a vital factor in America's international alliances that help secure freedom and stability for so much of the world. We will apply firmness to help promote what is fair, but we will always remember that our major trading partners are not our enemies but, indeed, they are our allies.

We have a leading role to play in modernizing a trading system that has served the world well for over four decades. There's a new and dynamic international order in the economy that offers the chance for higher levels of prosperity for all nations which freely participate in this international economy. We want to do more to remove trade barriers; to address the issue of agriculture; and to bring the benefits of free trade to new areas, including services, investment, and the protection of intellectual property. The current Uruguay round of the GATT talks holds many opportunities for progress in multilateral negotiations. There's also a new international impetus for trade expansion created by our U.S.-Canada free-trade agreement.[2] This agreement can serve as a model, and it proves that freer trade between nations is the wave of the future.

Ladies and gentlemen, the goal of this administration's trade policy, simply put, is to open markets, not close them; to fight protectionism, not to give in to it. We don't want an America that is closed to the world. What we want is a world that is open to America. We're going to work to promote American exports and to see to it that in dealing with the United States other nations play by the rules. As Carla said during her own confirmation hearings,[3] we will open foreign markets with a crowbar where necessary, but with a handshake whenever possible.

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[1] Source: *Weekly Compilation of Presidential Documents*, February 13, 1989, pp. 159–160. The President made his remarks beginning at 1:45 p.m. in the Indian Treaty Room of the Old Executive Office Building prior to the swearing in of Carla Hills as the U.S. Trade Representative. Ambassador Hills' remarks are printed *ibid.*, pp. 160–161.

[2] Free Trade Agreement, signed by the United States and Canada in Ottawa, Washington, and Palm Springs, December 22 and 23, 1987, entered into force January 1, 1989; see *International Legal Materials*, Vol. 27, No 2 (1988), pp. 281–429.

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32. Major Issues on the U.S. Trade Agenda

Statement by the Trade Representative (Hills), February 28, 1989[4]

As you know, in preparing this national trade policy agenda, we sought the advice of the Congress, this committee, and we were grateful for your response, as well as from the other executive agencies and our private sector adviser committees.

We face huge challenges. The global deficit remains too high. The multilateral trading system is woefully in need of modernization. Key areas of economic activity are not covered.

This morning, I would like to focus my remarks on three areas. The Uruguay round negotiations, our approach in implementing the 1988 Omnibus Trade Act,[5] and issues involved in achieving a coordinated approach in implementing our trade agenda.

The Uruguay round is clearly the top priority of our trade agenda. We want to achieve multilateral agricultural policy reform; to expand and strengthen the GATT by adding disciplines covering intellectual property, and trade related investment services, which are so important to our economy; to reduce foreign barriers to U.S. exports of goods and services; and to strengthen and reinforce the credibility of our trading system by addressing the growing problem of integrating lesser developed countries into the trading system.

Last December's ministerial meeting in Montreal resulted in agreements in how to proceed on 11 of the 15 Uruguay round negotiating groups. For example, with respect to services, the midterm review broke a procedural log jam on how to begin negotiating sectoral coverage on a framework agreement.

The institutional functioning of GATT was strengthened by some procedural improvements in the dispute settlement mechanism, and enhanced surveillance of trade policies of all of the contracting parties. A first step was taken to better cooperation between the GATT and international financial institutions.

We also agreed on a negotiating framework that will enable us to negotiate marketing access using a request offer method which would go far in permitting our exports to enter other markets.

Our immediate task, however, is to resolve the four negotiating frameworks not agreed to in Montreal: agriculture, intellectual property, safeguards, and textiles.

In Montreal, it was agreed that these issues should be resolved by April 5 when the Trade Negotiating Committee will meet again in Geneva. In agriculture, the United States seeks agreement on negotiating a framework that will lead to fundamental reform by dismantling all trade distorting measures. Our long-term goal is to agree on a time when we would no longer have trade distorting measures in agriculture.

In Montreal, the European Community were not prepared to accept such a framework. Thus, we agreed to give ourselves another few months to reach agreement.

The United States also fought for a negotiating framework covering for our comprehensive GATT agreement on trade related intellectual property. Here we want clear standards, a commitment to enforcement, GATT principles of national treatment and transparency, and a dispute settlement mechanism.

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[3] For text of the confirmation testimony, see *Nomination of Carla Anderson Hills: Hearing Before the Committee on Finance, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), pp. 7–28.

[4] Source: *National Trade Policy Agenda: Hearings Before the Subcommittee on Trade of the Committee on Ways and Means, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 7–10. Chairman of the subcommittee, Sam M. Gibbons, presided over the session.

[5] The Omnibus Trade and Competitiveness Act of 1988, P.L. 100–418, approved August 23, 1988; 102 Stat. 1107.

Two other outstanding issues are textiles and safeguards. I believe we will be able to agree on a negotiating framework in each of these two areas.

The 11 frameworks agreed to in Montreal are on hold pending agreement on the four nonagreed areas. GATT Director General Dunkel has been working in Geneva with delegations to break the impasse in these four remaining areas. We have had teams in Geneva working to resolve the impasse in agriculture.

Secretary Yeutter and I met with our counterparts from the European Community just 10 days ago, and we talked about agriculture and the Uruguay round. We still do not have an agreement with the Europeans on the long-term goal, but we have hope, and Secretary Yeutter and I will travel to Brussels to resume these negotiations on March 10 and 11 with our European Community counterparts.

By the end of March I will have met or talked with most of the key players in the agricultural talks. And I do believe we will find a solution to the outstanding issues that will enable the round to go forward without having to give up our fundamental objectives.

Domestically, we are meeting with our advisers. Meetings are ongoing at all levels of the executive branch. My staff and I have been consulting regularly with Congress.

In addition to our multilateral negotiations we are also using bilateral initiatives in an effort to lower barriers to the export of U.S. goods and services. Three of our most important bilateral concerns for the coming year are the implementation of the recent United States–Israel[6] and the United States–Canada free trade agreements, EC 1992, and our bilateral relationship with Japan. With respect to the free-trade agreements we will continue to work with Canada and Israel.

Earlier this month I accompanied President Bush to Ottawa where I had a good discussion with Minister Crosbie. We agreed to have the first meeting of the Canada Trade Commission on March 13. In addition to liberalizing trade between the United States and Canada, the free-trade agreement with Canada creates an important new institutional framework for resolving disputes and for containing negotiations on remaining bilateral trade issues.

As for the United States–Israel free trade agreement, we have had our implementing problems since 1985. We think we will be able to negotiate satisfactory resolution to most of them.

With respect to the European Community 1992, we do want to be prepared to take advantage of significant new commercial opportunities for U.S. business, and to guard against initiatives which unfairly discriminate against U.S. exporters or investors. The U.S. Government has at its disposal a full range of U.S. trade policy instruments.

With respect to Japan, the enormous bilateral deficit in our trade with Japan is clearly a cause for concern. Last week we received an important report from the Japan task force from our Private Sector Advisory Committee on Trade Policy and Negotiations.[7] This report provides an economic analysis of our trade relationship with Japan, and makes recommendations for improving that relationship.

We are reviewing this report carefully, and it comes at an important time when we are assessing our trade policy with all of our major trading partners in light of the 1988 Omnibus Trade Act.

The Trade Policy Review Group will review our trade policy with respect to Japan using the report and consulting with our advisors regarding our other trade partners in the Pacific.

With respect to the Omnibus Trade and Competitiveness Act, our strategic goal is to open markets and create an ever-expanding trading system based upon equitable and enforceable rules.

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[6] The Free Trade Area Agreement, signed by the United States and Israel in Washington April 22, 1985, entered into force August 19, 1985; see *International Legal Materials*, Vol. 24, No. 3 (1985), pp. 653–687.

[7] Reference is to *Analysis of the U.S.–Japan Trade Problem*, February 1989, a report presented by the Advisory Committee for Trade Policy and Negotiations to Ambassador Hills February 16, the same day it was released to the general public. The Advisory Committee, first established by the Trade Act of 1974 to advise the President on the Tokyo Round of multilateral trade negotiations, had its mandate expanded by the Omnibus Trade and Competitiveness Act of 1988 to provide advice on all aspects of U.S. trade policy.

At times we will be required to take unilateral action to protect our own economic interests and to try to pry open markets. One area where we are pursuing market openings is in telecommunications. Recently we submitted our report to you on that subject. And the USTR will continue its normal efforts to resolve trade policy problems across a range of sectors and with all of our trading partners.

But our greatest political attention for now will focus on section 301.[8] I will be consulting regularly with you as we develop our priorities for negotiations in the super 301 process[9] and the special 301 exercise for protection of intellectual property rights.[10]

The super 301 process is an opportunity for us to determine where we will concentrate our efforts over the next 2 years. We are currently quantifying the benefits of eliminating various foreign trade barriers in order to select our priorities. We will focus on the areas where we have the greatest export potential.

The quantification process is not an easy one. The interagency 301 committee is analyzing trade barriers, and again we will be consulting closely with you as we approach the preparation of the final priorities list, which is due in May.

With respect to improving intellectual property protection, self-initiated 301 cases can be an effective means of gaining protection and enforcement of intellectual property rights. We will continue to pursue our bilateral efforts and our multilateral negotiations in the Uruguay round. On our regular 301 agenda we have a dozen active cases. In some, we are pursuing GATT dispute settlement, in others we are engaged in bilateral consultations, and in still others we are continuing to monitor the results of a settlement agreement or a responsive action taken as a result of 301.

We are using the leverage of 301 to bring down unfair practices in foreign markets.

Now, let me say a few words on the need to coordinate our policies and actions.

For example, section 301 can provide important leverage in pursuing our Uruguay round objectives. Again, our goal is to open foreign markets.

The broad choice in terms used at my confirmation hearing is when to use the crowbar and when to use the handshake. We cannot fall into the trap of suspending all actions against unfair trade practices on the ground that such actions would spoil the atmosphere for the Uruguay round. On the other hand, we will not achieve our objective of opening multilateral markets simply by closing our own markets in retaliation, and there will be tough choices.

A concrete example is the recent dispute concerning Brazil's refusal to provide patent protection for pharmaceutical and fine chemicals. After years of trying to resolve this issue bilaterally, we initiated countermeasures under section 301. We decided that the most effective step would be to impose restrictions on merchandising imports from Brazil. Now Brazil has challenged our action in the GATT contending that they are inconsistent with U.S. obligations under GATT.

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[8] Section 301 of the Trade Act of 1974, P.L. 93-618, approved January 3, 1975, as amended by the Omnibus Trade and Competitiveness Act of 1988, requires the U.S. Trade Representative, under the direction of the President, to take all appropriate action, including retaliation, to end any foreign practice violating an international trade agreement or discriminating against U.S. commerce. For text of the amended sections, see 102 Stat. 1164.

[9] The "super 301" process is set forth in Sections 301-310 of the Trade Act of 1974 as amended by Sections 1301 and 1302 of the Omnibus Trade and Competitiveness Act of 1988. Section 310 requires the U.S. Trade Representative to identify "priority" foreign trade practices which adversely affect U.S. exports, "priority" countries engaging in these practices, and an estimate of the amount U.S. exports would have increased had the practices not existed. This and the other sections further require the Trade Representative to initiate an investigation and to seek to eliminate the practices either through negotiation or retaliation. For text of these sections as amended, see 102 Stat. 1176.

[10] The "special 301" provisions for the protection of intellectual property rights are contained in Sections 301-309 and 182 of the Trade Act of 1974 as amended by Sections 1301 and 1303 of the Omnibus Trade and Competitiveness Act of 1988. Section 182 requires the Trade Representative to identify "priority" foreign countries that deny adequate protection to U.S. intellectual property rights. Sections 302(b) and 305(a) oblige the Trade Representative to initiate an investigation of alleged intellectual property rights violations and to reach a decision on retaliation within 6 months. For text of these sections as amended, see 102 Stat. 1169, 1173, and 1179.

Many of our trading partners have criticized us for raising tariffs which we agreed in GATT not to raise. But, we felt we had no choice but to put the world on notice that we will not rule out using trade restrictive measures in response to the theft of U.S. intellectual property.

These are the tough choices, and we intend to continue to consult with you on them.

Mr. Chairman, I am delighted to answer your questions.

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33. Strengthening the International Debt Strategy

Statement by the Secretary of the Treasury (Brady) Before a Conference on Third World Debt, March 10, 1989[11]

More than 40 years ago, the representatives of 44 nations met at Bretton Woods, New Hampshire, to build a new international economic and financial system. The lessons learned from a devastating world depression and global conflict guided their efforts. At the concluding session, the President of the conference, Treasury Secretary Henry Morgenthau, described this lesson in the following manner:

> We have come to recognize that the wisest and most effective way to protect our national interests is through international cooperation—this is to say, through united effort for the attainment of common goals. This has been the great lesson of contemporary life—that the peoples of the earth are inseparably linked to one another by a deep, underlying community of purpose.

The enduring legacy provided by the Bretton Woods institutions is lasting testament to the success of their efforts. The community of purpose still resides in these institutions today. We must once again draw on this special sense of purpose as we renew our efforts to create and foster world growth.

These past 7 years we have faced a major challenge in the international debt problem. This situation is, in fact, a complex accumulation of a myriad of interwoven problems. It contains economic, political, and social elements. Taken together, they represent a truly international problem, for which no one set of actions or circumstances is responsible. And for which no one nation can provide the solution. Ultimately, resolution depends on a great cooperative effort by the international community. It requires the mobilization of the world's resources and the dedication of its good will.

Since 1982 the world community has endeavored to come to terms with international debt. In 1985 we paused and took stock of our progress in addressing the problem. As a result of that review, together we brought forth a new strategy, centered on economic growth.[12] This still makes sense. However, it is appropriate that now, almost 4 years later, we again take stock. Thus in recent months we have undertaken to look afresh at the international debt situation. The purpose was to discover what progress has been made: to see where we as a community of nations have succeeded and where we have not. And, where our success has not met our expectations, to understand why we have not achieved our goals. We have studied in depth, we have consulted widely—seeking and taking into account the views of debtor nations, multilateral institutions, commercial banks, and legislatures. We have also consulted closely with Japan and other industrial countries in order to begin to lay the basis for a common approach to the debt problem by the creditor countries.

Let me share with you the results of our reassessment as part of the ongoing process of international collaboration. I would hope that the ideas and suggestions I put forth here will provide a basis for a concerted effort by the international community to reinvigorate a process that has become debt-weary. However, we must strengthen the process without stopping it. As we move ahead with these ideas in the weeks ahead, it is important to continue working on individual debt problems.

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[11] Source: *Treasury News*, Department of the Treasury, March 10, 1989. The debt conference was sponsored by the Brookings Institution and the Bretton Woods Committee. The Secretary's recommendations in the latter portion of the address have subsequently been known as the "Brady plan".

[12] Former Secretary of the Treasury James A. Baker presented his Program for Sustained Growth in the Developing Countries, known informally as the Baker plan, before the 40th Annual Meeting of the International Monetary Fund in Seoul, October 8, 1985; for text, see *American Foreign Policy: Current Documents, 1987*, pp. 153–155.

Recent Progress

Our review confirmed that we have accomplished much, but much remains to be done.

The experience of the past 4 years demonstrates that the fundamental principles of the current strategy remain sound:

—Growth is essential to the resolution of debt problems;

—Debtor nations will not achieve sufficient levels of growth without reform;

—Debtor nations have a continuing need for external resources;

—Solutions must be undertaken on a case-by-case basis.

In recent years, we have seen positive growth occur in many debtor nations. Last year six major debtor nations realized more than 4 percent positive growth. This is primarily due to the debtors' own efforts. The political leadership of many of these nations has demonstrated their commitment to implement vital macroeconomic and structural reforms. In many countries this has been reflected in the privatization of nationalized industries. In some countries there has also been a move toward opening their shores to greater foreign trade and investment. Current account deficits have been sharply reduced, and the portion of export earnings going to pay interest on external debt has declined. These are significant achievements. All the more so since, in parallel progress, a number of debtor nations have advanced toward more democratic regimes. This has required great courage and persistence. The people of these countries have made substantial sacrifices for which they've earned our admiration. We must work together to transform these sacrifices into tangible and lasting benefits.

In another positive development, we have avoided a major disruption to the global payments system. Commercial banks have strengthened their capital and built reserves, placing them in a stronger position to contribute to a more rapid resolution of debt problems. The "menu" approach of the current strategy has helped to sustain new financial support while also encouraging debt reduction efforts. The banks have provided loans in support of debtor country economic programs. The stock of debt in the major debtor countries has been reduced by some $24 billion in the past 2 years through various voluntary debt reduction techniques.

However, despite the accomplishments to date, we must acknowledge that serious problems and impediments to a successful resolution of the debt crisis remain. Clearly, in many of the major debtor nations, growth has not been sufficient. Nor has the level of economic policy reform been adequate. Capital flight has drained resources from debtor nations' economies. Meanwhile, neither investment nor domestic savings has shown much improvement. In many cases, inflation has not been brought under control. Commercial bank lending has not always been timely. The force of these circumstances has overshadowed the progress achieved. Despite progress, prosperity remains, but for many, out of reach.

Other pressures also exist. The multilateral institutions and the Paris Club have made up a portion of the shortfall in finance. Commercial bank exposure to the major debtors since 1985 has declined slightly, while the exposure of the international institutions has increased sharply. If this trend were to continue, it could lead to a situation in which the debt problem would be transferred largely to the international institutions, weakening their financial position.

These are realities that we cannot deny. They are problems we must address if we are to renew progress on the international debt crisis.

Let me reiterate that we believe that the fundamental principles of the current strategy remain valid. However, we believe that the time has come for all members of the international community to consider new ways that they may contribute to the common effort.

In considering next steps, a few key points should be kept in mind:

—First, obviously financial resources are scarce. Can they be used more effectively?

—Second, we must recognize that reversing capital flight offers a major opportunity, since in many cases flight capital is larger than outstanding debt.

—Third, there is no substitute for sound policies.

—Fourth, we must maintain the important role of the international financial institutions and preserve their financial integrity.

—Fifth, we should encourage debt and debt service reduction on a voluntary basis, while recognizing the importance of continued new lending. This should provide an important step back to the free markets, where funds abound and transactions are enacted in days not months.

—Finally, we must draw together these elements to provide debtor countries with greater hope for the future.

Strengthening the Current Strategy

Any new approach must continue to emphasize the importance of stronger growth in debtor nations, as well as the need for debtor reforms and adequate financial support to achieve that growth. We will have success only if our efforts are truly cooperative. And, to succeed we must have the commitment and involvement of all parties.

First and foremost, debtor nations must focus particular attention on the adoption of policies which can better encourage new investment flows, strengthen domestic savings, and promote the return of flight capital. This requires sound growth policies which foster confidence in both domestic and foreign investors. These are essential ingredients for reducing the future stock of debt and sustaining strong growth. Specific policy measures in these areas should be part of any new IMF and World Bank programs. It is worth noting that total capital flight for most major debtors is roughly comparable to their total debt.

Second, the creditor community—the commerical banks, international financial institutions, and creditor governments—should provide more effective and timely financial support. A number of steps are needed in this area.

Commercial banks need to work with debtor nations to provide a broader range of alternatives for financial support, including greater efforts to achieve both debt and debt service reduction and to provide new lending. The approach to this problem must be realistic. The path toward greater creditworthiness and a return to the markets for many debtor countries needs to involve debt reduction. Diversified forms of financial support need to flourish and constraints should be relaxed. To be specific, the sharing and negative pledge clauses included in existing loan agreements are a substantial barrier to debt reduction. In addition, the banking community's interests have become more diverse in recent years. This needs to be recognized by both banks and debtors to take advantage of various preferences.

A key element of this approach, therefore, would be the negotiation of a general waiver of the sharing and negative pledge clauses for each performing debtor, to permit an orderly process whereby banks which wish to do so, negotiate debt or debt service reduction transactions. Such waivers might have a 3-year life to stimulate activity within a short but measurable timeframe. We expect these waivers to accelerate sharply the pace of debt reduction and pass the benefits directly to the debtor nations. We would expect debtor nations also to maintain viable debt/equity swap programs for the duration of this endeavor, and would encourage them to permit domestic nationals to engage in such transactions.

Of course, banks will remain interested in providing new money, especially if creditworthiness improves over the 3-year period. They should be encouraged to do so, for new financing will still be required. In this connection, consideration could be given in some cases to ways of differentiating new from old debt.

The international financial institutions will need to continue to play central roles. The heart of their effort would be to promote sound policies in the debtor countries through advice and financial support. With steady performance under IMF and World Bank programs, these institutions can catalyze new financing. In addition, to support and encourage debtor and commercial bank efforts to reduce debt and debt service burdens, the IMF and World Bank could provide funding, as part of their policy-based lending programs, for debt or debt service reduction purposes. This financial support would be available to countries which elect to undertake a debt reduction program. A portion of their policy-based loans could be used to finance specific debt reduction plans. These funds could support collateralized debt for bond exchanges involving a significant discount on outstanding debt. They could also be used to replenish reserves following a cash buyback.

Moreover, both institutions could offer new, additional financial support to collateralize a portion of interest payments for debt or debt service reduction transactions. By offering direct financial support for debt and debt service operations, the IMF and the World Bank could provide new incentives, which would act simultaneously to strengthen prospects for greater creditworthiness and to restore voluntary private financing in the future. This could lead to considerable improvements in the cash flow positions of the debtor countries.

While the IMF and World Bank will want to set guidelines on how their funds are used, the negotiation of transactions will remain in the market place—encouraged and supported but not managed by the international institutions.

It will be important that the Fund and the Bank both be in a strong financial position to fulfill effectively their roles in the strengthened strategy. The Bretton Woods Committee has provided an important public service in mobilizing capital resources for these institutions. The capital of the World Bank has recently been replenished with the implementation of the recent general capital increase providing approximately $75 billion in new resources to the Bank. With respect to the Fund, the implementation of these new efforts to strengthen the debt strategy could help lay the basis for an increase in IMF quotas. There are, of course, other important issues that have to be addressed in the quota review, including the IMF arrears problem and a need for clear vision of the IMF's role in the 1990's. It is our hope that a consensus can be reached on the quota question before the end of the year.

Creditor governments should continue to reschedule or restructure their own exposure through the Paris Club, and to maintain export credit cover for countries with sound reform programs. In addition, creditor countries which are in a position to provide additional financing in support of this effort may wish to consider doing so. This could contribute significantly to the overall success of this effort. We believe that creditor governments should also consider how to reduce regulatory, accounting, or tax impediments to debt reduction, where these exist.

The third key element of our thinking involves more timely and flexible financial support. The current manner in which "financial gaps" are estimated and filled is cumbersome and rigid. We should seek to change this mentality and make the process work better. At the same time, we must maintain the close association between economic performance and external financial support.

While we believe the IMF should continue to estimate debtor financing needs, we question whether the international financial institutions should delay their initial disbursements until firm, detailed commitments have been provided by all other creditors to fill the financing "gap." In many instances, this has served to provide a false sense of security rather than meaningful financial support. The banks will themselves need to provide diverse, active, and timely support in order to facilitate servicing of the commercial debt remaining after debt reduction. Debtor nations should set goals for both new investment and the repatriation of flight capital, and to adopt policy measures designed to achieve those targets. Debtor nations and commercial banks should determine through negotiations the portion of financing needs to be met via concerted or voluntary lending, and the contribution to be made by voluntary debt or debt service reduction.

Finally, sound policies and open, growing markets within the industrial nations will continue to be an essential foundation for efforts to make progress on the debt problem. We cannot reasonably expect the debtor nations to increase their exports and strengthen their economies without access to industrial country markets. The Uruguay Round of trade negotiations provides an important opportunity to advance an open trading system. We must all strive to make this a success.

Conclusion

Taken together, the ideas I have discussed today represent a basis on which we can work to revitalize the current debt strategy. We believe that through our efforts we can provide substantial benefits for debtor nations in the form of more manageable debt service obligations, smaller and more realistic financing needs, stronger economic growth, and higher standards of living for their people.

If we work together, we can make important progress toward our key objectives:

—to assure that benefits are available to any debtor nation which demonstrates a commitment to sound policies;

—to minimize the cost or contingent shift in risk to creditor governments and taxpayers;

—to provide maximum opportunities for voluntary, market-based transactions rather than mandatory centralization of debt restructurings;

—and to better tap the potential for alternative sources of private capital.

In the final analysis, our objective is to rekindle the hope of the people and leaders of debtor nations that their sacrifices will lead to greater prosperity in the present and the prospect of a future unclouded by the burden of debt.

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34. U.S. Views of European Economic Integration

Statement by the Trade Representative (Hills), May 10, 1989[13]

I am pleased to be here this morning. I filed yesterday or the day before a full written testimony, and I would just like to summarize a few points.

The single market in the EC, when the individual country markets of the community are combined, will be the largest industrialized market in the world. I agree with you that it is critically important for us that this $4 trillion market remain open, that the EC adopt policies which promote and not frustrate competitive forces.

We believe that the internal market program is motivated by European industrialists' perception that they need a single, barrier-free home market in order to compete with the Japanese and with the Americans in the world market. We also believe that individuals who think in terms of international competitiveness do not have as their objective a fortress Europe that precludes competition.

That being the case, American companies in nearly all goods and services stand to benefit from EC–92. You might say that our support, however, for EC–92 is based on certain conditions, five in fact: one, that America and third-country firms must be permitted to enjoy the same business opportunitites as EC companies do in the single market; two, that EC–92 should reduce the level of protectionism in Europe and not substitute community-wide restrictions for existing national restrictions; three, that 1992 must contribute to multilateral liberalization by conforming to GATT principles, as well as to new agreements reached in the Uruguay Round; four, where multiple levels of guarantees govern the treatment of non-EC business in individual member states, and where the Commission is seeking to harmonize those divergent guarantees, harmonization should be at the most liberal, as opposed to the most restrictive, level; and finally, that the Community's internal market completion program needs to be carried out in a transparent fashion which permits accommodation to foreign interests.

With respect to the Uruguay Round, we have in fact found that EC–92 initiatives have frequently helped to advance the cause of negotiations in Geneva. The Round negotiations have positively influenced the EC in certain areas of 1992 activity. For example, regarding protection of intellectual property, the Community's position at the start of the Round was that it was willing to negotiate measures against trade in counterfeit goods, but nothing more. Now, the Community in large part we believe because of the 1992 intellectual property rights agenda is willing to negotiate in Geneva on a much, much broader range of intellectual property right protections.

And in the service negotiations, we believe that the emphasis in the Uruguay Round negotiations on national treatment has been quite helpful in restraining the

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[13] Source: *Europe–92 Trade Program: Hearing Before the Committee on Finance, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), pp. 4–5. Chairman of the committee, Lloyd Bentsen, presided over the session.

Community from its earlier protective reciprocity approach in its banking directive.

In the administration we are coordinating our efforts through a 16-month-old task force on the EC internal marketing. There are 20 different agencies represented in these coordinating sessions. We are working quite closely with a number of private-sector groups to identify the challenges to the U.S. firms. The Department of Commerce has been extremely active in private-sector outreach programs.

And having said all that, let me make it clear that we do not share all of EC–92's objectives. We differ, for example, in our views of their broadcasting restrictions, the degree of foreign participation which should be encouraged in standard development, and whether national treatment in financial services should be conditional.

But where we have identified our concerns, I have to say that the Commission and its member states have generally been willing after discussion to accommodate our interests. Thus, I am cautiously optimistic and quite anxious to continue the dialog that we have established with our counterparts in Europe.

I am pleased to take your questions.

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35. Third World Debt and U.S. Agricultural Exports

Prepared Statement by the Secretary of Agriculture (Yeutter), May 11, 1989 (Extracts)[14]

Mr. Chairman and Members of the Committee, I am pleased to appear here today to discuss Third World Debt and U.S. agricultural policy and trade.

Third World debt is one of the most serious constraints to U.S. agricultural trade in the 1980's. Other factors such as a strong U.S. dollar, high U.S. prices relative to world prices, EC export subsidies, and slow growth in global trade in general also constrained U.S. agricultural exports during the 1930's. The Third World debt problem alone has reduced U.S. agricultural exports about $3 billion annually. The debt problem has also proved to be highly intractable and could continue to limit the growth of the world economy for years to come. The resolution of this issue is one major precondition for the return to more normal patterns of agricultural trade and development.

Developing countries have been the fastest growing market for traditional U.S. agricultural exports. The promise that they hold, and one which they largely met during the 1970's, is of a sustained increase in demand fostered by rapid economic growth. During the 1970's, developing countries increased their purchases of U.S. farm products by 11 percent per year, after inflation. By contrast, in the 1980's, their purchases declined at an annual rate of 4 percent. Yet, despite this fall, the developing world's share of U.S. agricultural exports has risen to over 40 percent. This represents a continuation of the steady increase in the importance of developing countries to U.S. farmers that began in earnest during the 1970's, and emphasizes how important it is for U.S. agriculture that the financial constraints induced by the debt problem be removed.

THIRD WORLD DEBT AND U.S. AGRICULTURAL EXPORTS

The debt problem has constrained the growth in import demand in two important but fundamentally different ways. The immediate response to a debt repayment problem is to reduce imports. This frees foreign exchange for debt payments. There is dramatic evidence that debt-affected developing countries have, in fact, done this. In the longer term, debt payments compete with investment for national savings. This has the effect of reducing long-term growth of developing economies which has been the driving force behind growth in demand for U.S. agricultural products. There is considerable evidence of substantial declines in both the rate of capital formation and the rate of economic growth of debt-affected developing countries since the debt problem became acute in 1982.

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[14] Source: *Third World debt and Its Impact on the U.S. Agricultural Sector: Hearing Before the Committee on Agriculture, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 68–78. Chairman of the committee, E. (Kika) de la Garza, presided over the session.

U.S. PLANS TO EASE DEBT CONSTRAINTS OF DEBTOR NATIONS

There has been a promising evolution toward a more flexible, market oriented debt strategy such as the proposal in March by Treasury Secretary Brady. The Brady plan relies on international organizations, governments, and commercial banks to become involved in a three-pronged effort: debt reduction, the provision of new funds, and the economic policy reforms necessary for developing countries to embark upon a strong growth path.

This strategy will help defuse the immediate debt crisis. Yet we need to recognize that these are only the first steps in overcoming debt constraints and that Third World debt will continue to be a serious impediment to trade for some time to come.

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The most important element in the long-term solution to the debt crisis is policy reform. The developing countries need to adopt sound trade, structural, fiscal, and monetary policies that are conducive to growth. Policy distortions that result in inefficient use of their limited resources cannot be afforded.

Reforms in the developed countries are also important. Policy-induced distortions that permeate our world trade system are a serious barrier to the rational development of export industries needed in developing countries. The removal of trade distorting policies of developed countries will help facilitate the reform of developing countries' economies.

REDUCING BARRIERS TO TRADE HAS A ROLE TO PLAY

The United States, the European Community, Japan, and other industrialized nations have employed an array of domestic and trade policies that influence agricultural markets and foreign exchange earnings of developing countries. The effect of these policies has been to increase agricultural production in the industrial nations and reduce world commodity prices. Lower world prices discourage agricultural production in developing countries and diminish their export earnings. Since agriculture is such a large and vital component of their economies, long-term economic growth in the developing countries has been adversely affected.

It has been estimated by the Economic Research Service that the agricultural policies of industrial countries have cost farmers in developing countries over $16 billion in annual income (based on a 1986 analysis). The European Community's policies have the largest negative impact on developing countries, approximately $8 billion. Japanese and U.S. agricultural policies each cost developing country farmers over $4 billion. If developing countries liberalize their agricultural policies along with industrial countries, the income benefit to developing countries would be more than three times that if only industrial countries liberalize.

Agricultural policies in industrial economies are costing developing countries approximately $6 billion in net agricultural exports. Developing country exporters—Argentina, Brazil, Indonesia, Malaysia, the Philippines, and Thailand—lose $4 billion of exports annually, mainly in ruminant meats, grains, and sugar. These countries have large foreign debts and additional exports would ameliorate their foreign exchange shortages. Developing country importers incur additional foreign exchange costs of about $2 billion annually due to the policies of industrial countries. As a consequence, developing country importers produce less food, mostly rice.

Liberalizing U.S. agricultural policies could lead to an additional $1 billion in net annual exports by developing countries or 15 percent of the potential increase from altering industrial economy policies. European Community and Japanese policy changes account for a potential $2 billion each in increased exports by developing countries. These estimated trade gains are very small compared to the foreign exchange needs of the developing countries. However, they certainly would constitute a step in the right direction.

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CONCLUSIONS

The Third World debt problem has been a major constraint to exporting U.S. agricultural products to developing countries in recent years. This is particularly evident in those countries most affected by debt repayment problems. As the developing countries have been our fastest growing markets, this is of particular concern to the U.S. agricultural sector.

Several recent proposals are major steps in the right direction. However, given the magnitude of the problem, we must realize that Third World debt will continue to restrict U.S. export opportunities for some time to come.

The current multilateral negotiation on agriculture under the auspices of the General Agreement on Tariffs and Trade (GATT) could have a substantial impact on expanding the export potential of developing countries. Trade liberalization in industrial countries alone could lead to an annual increase of $6 billion in net exports by developing countries. Furthermore, the benefits of policy reforms in developing countries imply substantially higher trade gains for them.

U.S. agricultural policies in the form of export credit guarantees and Public Law 480,[15] and the Export Enhancement Program have played a significant role in helping to maintain U.S. exports in the face of the financial constraints operating on developing countries. Almost $5 billion in assistance was given through these programs in 1988, accounting for approximately 35 percent of our agricultural exports to developing countries.

Finally, solutions must be found for reducing the debt repayment burden of developing countries if they are to realize their potential as markets for U.S. agricultural exports. Reducing this burden is not only in the interest of developing countries but U.S. farmers as well.

36. U.S. Action Against Foreign Trade Barriers

Statement by President Bush, May 26, 1989[16]

Today the United States Trade Representative will submit to the Congress a report concerning actions to be taken under the so-called Super 301 provisions of the Omnibus Trade and Competitiveness Act of 1988.[17] Those provisions provide that priority practices and countries shall be identified for the self-initiation of investigations under section 301.

I have discussed this matter extensively with Ambassador Hills and the other members of the Economic Policy Council. We agreed that the Super 301 provisions should be used (1) as a tool to open foreign markets and (2) in support of the objectives of the United States in the ongoing Uruguay round of trade negotiations of the General Agreement on Tariffs and Trade. This approach is designed to be consistent with the intent of Congress in drafting the legislation.

The list below indicates the specific priority practices and countries that can most effectively be the subjects of investigations under section 301. The priority practices are grouped under headings that correspond to major types of trade barriers and distortions the United States is working to eliminate in the Uruguay round. The priority countries have been selected on the basis of the number and pervasiveness of significant barriers to U.S. exports.

SUPER 301 PRIORITY PRACTICES AND COUNTRIES

Quantitative restrictions/import licensing

1. Licensing of agricultural and manufactured products .... Brazil

Government procurement

2. Satellites .... Japan
3. Supercomputers .... Japan

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[15] P.L. 480, Agricultural Trade Development and Assistance Act of 1954, was approved July 10, 1954. The act provides for the donation or sale on favorable terms of U.S. agricultural surpluses to friendly governments. For text as amended, see 7 USC 1691.

[16] Source: *Weekly Compilation of Presidential Documents*, June 5, 1989, pp. 777–778.

[17] The Office of the U.S. Trade Representative more accurately submitted a fact sheet entitled "Super 301 Trade Liberalization Priorities" to the chairmen of the House Ways and Means Committee and the Senate Finance Committee.

Standards

4. Forest products .... Japan

Services

5. Insurance .... India

Investment

6. Investment restrictions .... India

A satisfactory resolution of the above issues will significantly advance the objectives of U.S. trade policy. Our goal is to open markets and to eliminate trade barriers. We oppose protectionism in any and all forms. Therefore, I urge the Governments of Japan, India, and Brazil to work constructively with us to resolve these issues expeditiously. The process of investigating and negotiating with priority countries on each of the priority practices will begin by June 16.

We also considered carefully a large number of practices that are not listed. In several cases, we decided that we could best pursue remedying these practices multilaterally in the GATT or in the Uruguay round of trade negotiations. Two examples are EC airbus subsidies and Japanese rice quotas.

The Uruguay round of the GATT continues to be the centerpiece of our trade strategy. While the lack of effective multilateral rules and enforcement mechanisms has forced us to resort to section 301, we look forward to the day when such actions will be unnecessary.

Finally, I want to announce today a separate administration initiative with Japan. I have directed the Secretaries of State and Treasury and the U.S. Trade Representative to form a high-level committee to include Commerce, Labor, and other interested agencies to propose negotiations with Japan on structural adjustment matters. Such matters include structural impediments to trade, balance-of-payments adjustment, and such issues as bid-rigging, market allocation, and group boycotts. These negotiations would initially focus on major structural barriers to imports, such as rigidity in the distribution system and pricing mechanisms. The negotiations sought by the United States in this Structural Impediments Initiative will address broader issues and will take place outside section 301, which appropriately deals with the investigation and resolution of particular unfair trade practices.

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37. U.S. Policy and OECD Economic Performance

Statement by the Secretary of the Treasury (Brady) Before the Anglo-American Press Association, Paris, June 1, 1989 (Extract)[18]

The 1989 OECD Ministerial caps a year of impressive economic performance by the major industrial countries. The past year demonstrates that the coordination of economic policies is a practical and effective means of promoting a sound world economy.

Growth last year exceeded expectations, and prospects for continuing the current expansion into its seventh year and beyond are excellent. Inflation remains moderate and contained. And trade imbalances have begun to be reduced in some countries, although there is a clear need for significant further adjustment.

Building on this success requires strengthened cooperation by the major industrial countries. We must be vigilant and guard against a resurgence of inflationary pressures. However, actions by the monetary authorities during the past year have succeeded in containing potential inflationary pressures. Now, we must be careful that we do not overreact and bring about a premature end to an economic expansion that has served us so well.

Recent trade data suggest that the overall adjustment of external imbalances is slowing, although first quarter figures for the United States were encouraging. Still, the level of deficits and surpluses is unacceptable. In this context, the dollar's recent rise, if sustained or extended, would undermine adjustment efforts. The United States has cooperated and will continue to cooperate with its trading partners in dealing with exchange market pressures.

Our ability to reduce external imbalances to sustainable levels requires concerted actions by all OECD members. In this regard, the United States is keenly aware of its responsibility to reduce the Federal budget deficit.

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[18] Source: *Treasury News*, Department of the Treasury, June 1, 1989.

The administration and Congress are fully committed to achieving further progress by implementing the recent bipartisan budget agreement and meeting the $100 billion deficit target in fiscal 1990. And we will continue to reduce the deficit in later years. At the same time, we must not lose sight of the substantial deficit reduction that has already occurred. The Federal budget deficit is now 2.9 percent of GNP, compared to a peak of 6.3 percent in 1983. This places the United States below the OECD average.

Sustaining growth and reducing external imbalances cannot be achieved by the United States alone. Surplus countries, especially Japan and Germany, must do their part. Their strong fiscal positions, large external surpluses, and low inflation rates enable them to make further substantial contributions to this global effort.

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38. Moving Ahead From the Achievements of the 1980s

Communiqué Issued by the Council of the Organization for Cooperation and Development at the Ministerial Level, Paris, June 1, 1989[19]

1. The Council of the OECD met on 31st May and 1st June at Ministerial level. The meeting was chaired by Mr. Jon Sigurdsson. Minister of Commerce and Industry of Iceland. The Vice Chairmen were Mr. Robert Urbain, Minister of International Trade of Belgium, and the Rt. Hon. Joe Clark, Secretary of State for External Affairs, the Hon. John Crosbie, Minister for International Trade, and the Hon. Michael Wilson, Minister of Finance of Canada. Ministers reviewed the general economic situation. They discussed the policy orientations necessary for economic and social progress in the OECD area and the developing countries.

2. The Council renewed the mandate of the Secretary-General of the OECD, Mr. Jean-Claude Paye, for a second period of five years with effect from 30th September 1989. On this occasion Ministers expressed their warmest thanks to Mr. Paye for the competence with which he has directed the Organisation during his first mandate.

MOVING AHEAD FROM THE ACHIEVEMENTS OF THE 1980s

3. The current economic situation in the OECD area is generally good: activity is robust; inflation has been contained at relatively moderate levels; substantial progress has been made in job creation; and investment is buoyant, reflecting business confidence bolstered by actions taken over the full range of economic policies and the steady strengthening of international economic cooperation.

4. Despite the achievements of recent years, much remains to be done. To ensure sustained, job-creating, non-inflationary growth OECD governments will:

i) resist inflationary pressures, which have recently re-emerged as a problem in many countries;

ii) strengthen the process of reducing large current-account deficits and surpluses, a process which recently has weakened markedly;

iii) reduce unemployment, which remains high in many countries, paying particular attention to the problems of youth and the long-term unemployed;

iv) accelerate the reduction of structural rigidities and distortions within economies and internationally;

v) establish sound public budgetary positions and promote efficient public management;

vi) improve the structure and level of national saving in many countries and thereby contribute to a sustained buoyancy of productive investment;

vii) reinforce the open multilateral trading system by vigorously pursuing the successful conclusion of the Uruguay Round negotiations in 1990, expanding market access, resisting protectionist pressures in all their manifestations, and refraining from any measure which could damage the multilateral trading system;

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[19] Source: OECD Press Release A(89)26, June 1, 1989.

viii) improve the protection and management of the environment, particularly through the better integration of economic and environmental decision-making, to ensure sustainable development for current and future generations;

ix) pursue the establishment of strengthened and more operationally effective GATT rules and disciplines as well as substantial progressive reductions in agricultural support and protection resulting in correcting and preventing restrictions and distortions in world agricultural markets, as affirmed in the Uruguay Round framework approach, over an agreed period of time;

x) strengthen policies supportive of the efforts of developing countries to find viable solutions to the debt and development problems that confront them.

POLICY DIRECTIONS

5. To meet these challenges and ensure improved economic performance over the next decade, governments will make full use of the policy instruments at their disposal and the synergy among them. The experience of the 1980s shows that implementing measures across the whole range of economic policies and across countries enhances the effectiveness of each specific measure.

6. Therefore:

i) monetary policy will be directed to its primary objective, price stability in a growing economy. This will help create the conditions for stable and sustained growth. In some countries exchange rate stability is regarded as important in order to maintain domestic price and cost stability;

ii) fiscal policy will aim, where appropriate, to reduce public-sector demands on private saving by continuing the process of consolidation. Governments will also aim to improve the quality and efficiency of both sides of the public-sector accounts by reducing distortions associated with the structure of taxation and by subjecting the level and composition of expenditure to closer scrutiny and better overall control;

iii) governments will step up their actions in critical areas of structural reform to improve steadily the potential of economies, to create additional jobs without an acceleration of inflation and to enhance the effectiveness of macroeconomic policies;

iv) international economic cooperation will be intensified in respect of both macroeconomic and structural policies in support, inter alia, of the external adjustment process;

v) when Member countries enter into or strengthen regional arrangements, they will act in conformity with international obligations and with the objective of strengthening the open multilateral trading system and seek to ensure that the benefits from regional liberalisation and dynamism will accrue not only to the participating countries but also to the world economy at large.

7. Ministers welcome the report on surveillance of structural policies by the Economic Policy Committee.[20] They endorse its main conclusion that the case is even more compelling than ever before for pressing forward with reform on a broad front. Economic conditions for reform are favourable. In all Member countries and in Yugoslavia reform will foster more flexible and efficient markets for labour, capital and products, improve the efficiency of the public sector and enhance the effectiveness of macroeconomic policies. Ministers take note of the report by the Secretary General on the implementation of multilateral surveillance. This contributes to sustaining the momentum of reform. Ministers invite the Secretary General to continue to develop and strengthen the OECD's surveillance of structural reforms and policies.

8. Specific economic policy orientations required in individual countries were reviewed and agreed.

9. To ensure sustained, balanced growth, priorities in the United States remain to contain inflationary pressures and to reduce further the current-account deficit. Continued moderation of domestic demand and further decrease of public defi-

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[20] This report identifies nine areas for action: trade policies and the international trading system; agriculture; industrial support policies; international direct investment; financial markets; taxation; competition policy; labour markets; and the public sector. [Footnote in the source text. For text of the report, see *Report to Ministers on Surveillance of Structural Policies*, April 12, 1989; CPE(89) 1.]

cits are of critical importance to achieving these ends. U.S. authorities will continue to monitor wage, price and demand developments closely with a view to taking appropriate action should inflationary pressures not abate in response to policy measures already taken. The U.S. Administration will ensure that the recent measures to reduce the Federal budget deficit to $100 billion in FY 1990 agreed between the President and Congressional leaders are fully enacted. Further measures will be taken as necessary to achieve the objective of eliminating it entirely by 1993 as a contribution to the reduction of the savings-investment gap. Moreover, priority attention will be given to dealing with the situation of troubled financial institutions and improving the system of prudential supervision. Furthermore, the U.S. will implement its trade policies in line with the objective of strengthening the open, multilateral trading system.

10. In both Japan and Germany, the authorities will continue to pursue prudent but flexible medium-term macroeconomic policies and accelerate structural reforms, in order to sustain strong, non-inflationary growth of domestic demand at a level that would promote significantly external adjustment, which recently has weakened.

a) In Japan, while major reform has recently been achieved to improve the tax systems, further progress will be made in adjusting public revenue and expenditure structures taking into account, inter alia, the prospective ageing of population. Structural reforms contributing to both price stability and external adjustment will be expedited. These include the removal of legal and other impediments to, as well as the review of taxation of land for, the more efficient use of land. Price competition will be strengthened and market access further facilitated for domestic and foreign participants through reforms in regulatory structures in the distribution and other service sectors. While substantial progress has already been made in the financial sector, financial liberalisation and internationalisation will be continued further. In pursuing these and other measures, Japan will undertake to further improve market access both in goods and services, thereby contributing to a strong expansion of imports.

b) Germany will continue with the medium-term programme of fiscal consolidation and has embarked upon a policy of major structural reforms, including, inter alia, an overhaul of social security systems, a multi-year tax reform, and the reform of the telecommunications sector. Efforts will be encouraged to introduce more flexible arrangements for working time, wage structures and job assignment. Particular attention will be given to improving the conditions for reemployment of those who are suffering from long-term unemployment. There is a need for structural reforms especially in the services sector where regulations and barriers to entry remain significant, such as the transport sector. The flexibility of the economy will be improved by reducing remaining structural impediments in domestic financial markets and through more liberal closing hours in the retail trade. Structural reforms will increase the dynamism of the economy, strengthen economic growth and, by supporting a shift of resources into more domestically oriented sectors, will contribute to the external adjustment process.

11. Other OECD countries will follow as appropriate similar broad policy orientations, with specific actions reflecting individual country situations. Among the other large OECD economies, immediate priorities are:

a) In France, the reforms already undertaken to make the economy more competitive will be reinforced by the priority given to an anti-inflation strategy involving, particularly, continued reduction of the budget deficit, competition policy and action to improve the underlying competitiveness of firms. The remaining foreign-exchange controls will be removed and the process of opening up to foreign investment continued. Control of public expenditure will be intensified, in the light of the consequences for the tax system of the liberalisation of capital movements and the process of fiscal harmonisation in the EC, and the need to ensure that funds are available for current spending priorities, notably research and training.

b) In Italy, efforts will be stepped up to reduce budget deficits which exert upward pressure on interest rates, contributing to the increase of public debt and adding to inflationary pressures. Italy will also continue efforts to improve the efficiency of its public sector. Coordination between the public and private sectors will be improved to contribute to a more efficient allocation of resources. Tax reform will be intensified and thereby will increase resources available to support a sustained growth of investment. Through a variety of measures relating particularly to training and labour markets, Italy will continue to reduce structural disparities between the Centre-North, where overheating exists, and the South, where unemployment remains high.

c) In the United Kingdom, monetary policy will continue to be directed at reducing inflation. Fiscal policy provides for further repayment of public sector debt, while moving to a balanced budget over the medium term. Competition will be further encouraged in the provision of various professional services, and through the reform of restrictive trade practices law. Tax reform will continue to promote the improved performance of the economy, notably through further reductions, when practicable, in marginal tax rates. Employment training and educational standards will be further improved. There will be continued review and reform of regulations which are a burden on businesses.

d) In Canada, priority will be given to following through on the commitments set out in the recent budget: reducing inflation; reducing the budget deficit and controlling the growth of public debt; implementing a broadly-based sales tax—the Goods and Services Tax; and reforming the unemployment insurance system to place greater emphasis on human resources development as distinct from income maintenance. The Government will intensify efforts towards the removal of restrictions on inter-provincial trade.

e) The European Communities programme to complete the internal market in 1992 and improve its economic and social cohesion, is progressing steadily and has already given a strong momentum to structural policy reform, investment and growth. These moves are complemented by joint efforts by the European Communities and EFTA countries to deepen and extend their cooperation beyond the current free trade arrangements to create a European Economic Space, and will be in line with the objective of strengthening the open, multilateral trading system.

Financial Markets and Foreign Direct Investment

12. The continuing liberalisation of financial markets and foreign direct investment is contributing to a more dynamic world economy. Ministers welcome the new impetus given to the liberalisation process by the recent strengthening of the OECD Codes of Liberalisation in the area of capital movements and financial services. The principles that underlie the OECD Codes and other OECD instruments will guide governments as they seek to prevent or reduce international difficulties arising from the existence of different financial systems and different degrees of openness to international competition.

13. Increasingly integrated securities markets have altered the challenges faced by prudential supervisors. The OECD has been examining the linkages across markets, system risks and the scope for improving the capacity of the system to manage those risks. The goal for the coming years will be to extend significantly international cooperation among supervisory and regulatory bodies in order to ensure the smooth, efficient and flexible working of the financial system.

14. While progress has been made in reducing the restrictions on inward foreign direct investment and flows have risen sharply, protectionist sentiment, sometimes as a spill-over from tensions in trade, threatens investment flows. In connection with the 1990 Review of the OECD Declaration and Decisions on International Investment and Multinational Enterprises, Ministers reaffirm their determination to resist such protectionism, to maintain an open investment climate and, inter alia, to strengthen the OECD National Treatment instrument. The balance that has characterized the Organisation's approach to international investment questions, including that between the different elements of the 1976 Declaration on International Investment and Multinational Enterprises, should continue to prevail.

Labour Markets, Education and Social Policies

15. The climate for entrepreneurship and job creation has improved, especially in small and new businesses, and moderate wage outcomes have made an important contribution to employment growth in many countries during the past years. Nevertheless, unemployment levels in certain OECD countries remain unacceptably high. Labour-market policies will be strengthened, in particular to fight youth and long-term unemployment, to seek fur-

ther reduction of labour-market rigidities and to ensure that employment opportunities are fully exploited. Ministers welcome the efforts undertaken in the Organisation to develop a new framework for long-term policies aimed at more job-creating growth, increased functional and geographical mobility and smoother adjustment of the labour force.

16. A solid basic education, combined with post-compulsory education and training opportunities throughout working life, is essential for each individual to exploit fully employment opportunities. In close cooperation, governments and the private sector must step up efforts to meet these fundamental requirements.

17. Social protection systems are an essential expression of solidarity and contribute importantly to personal security and dignity, facilitating the acceptance of structural change. To remain viable, these systems must adjust to evolving circumstances and needs. In particular, full use must be made of the contribution they can provide for effectively underpinning labour-market and human resource enhancement policies.

18. More generally, social and labour-market policies should aim at the active participation of all groups, particularly the disadvantaged, in the economy and society at large. This will become all the more important as dependency rates rise with ageing populations and will require better integration of policies, programmes, entitlements and administrative structures, taking advantage of the signals and incentives provided by the market.

Agriculture

19. Ministers take note of the joint report by the Agriculture and Trade Committees[21] and endorse its conclusions. Reduced production resulting mainly from the North American drought but also, to some extent, from policy measures, has contributed to the reduction in assistance in 1988 (as provisionally measured by PSE/CSE). In some instances, supply control systems have been effective in reducing production, but they may entail serious economic distortions. The cost of agricultural support for the OECD as a whole imposed on taxpayers and consumers amounted in 1988, according to Secretariat estimates, to approximately $270 billion. This figure is lower than those of 1986 and 1987 but is still above the level of 1985 and previous years. The role of market signals in orienting agricultural production remains insufficient almost everywhere. Trade tensions continue to be acute: market access has improved only in a few cases, and the use of measures affecting export competition, directly and indirectly, remains widespread.

20. It is therefore more than ever necessary that the process of agricultural reform be pursued vigorously, in conformity with the principles defined by Ministers in 1987 and 1988, and taking advantage of the present strength of markets. The successful completion of the Uruguay Round negotiations will be of decisive importance in this respect. Therefore, in accordance with the framework approach endorsed at the Mid-Term Review, Member countries will, in the months ahead, actively engage in substantive negotiations in Geneva (including the tabling of negotiating proposals) and meet their undertakings and stated intentions on short-term measures. Reform should be achieved through mutually reinforcing actions at domestic and international levels leading to a fair and market-oriented trading system through substantial, progressive reductions in agricultural support and protection and strengthened and more operationally effective GATT rules and disciplines.

21. The Organisation will continue its work on the monitoring of agricultural reform. This will include improving quantitative indicators (e.g. PSE/CSE) and analysis; analysing medium-term market trends and the medium-term impact of specific policies; assessing the scope and limitations of all relevant policy measures, such as supply control and direct income support; and examining the interrelationship between agriculture and the environment. Work undertaken on rural development policies will be actively pursued with a view to contributing to the identification and assessment of the range of actions available to stimulate, in rural areas, economically viable activities which would enhance development and growth in an environmentally sound way.

Industrial Subsidies

22. Industrial subsidies often present impediments to structural adjustments, dis-

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[21] *Agriculture Policies, Markets and Trade: Monitoring and Outlook, 1989.* [Footnote in the source text.]

tort resource allocation and engender international frictions. Reducing such subsidies is crucial for improving the flexibility of economies and for increasing international trade on a competitive basis. Ministers note the progress on the work in this area, following the mandates given in 1986 and 1987 and agreed to strengthen that work. Priority will now be given to completing the information gathering and reaching early agreement on concepts and methodology for the second phase of the work which will be directed at transparency and assessment of the economic impact of industrial subsidies.

Export Credit Subsidies

23. Ministers note with satisfaction the progress that has been made in strengthening the multilateral disciplines on trade- and aid-distorting export credit subsidies. This effort must be pursued actively. Ministers invite the competent bodies in the OECD to monitor closely the implementation of the recently updated Export Credit Arrangements and to assess whether their objectives are being met.

Energy

24. The growth of energy consumption, especially that of oil, risks exerting pressure on oil and energy supplies, with possible consequences for prices, inflation and the potential for economic growth. Therefore strong and continued action, as underlined by Energy Ministers of IEA countries, is necessary to achieve greater energy conservation and efficiency, diversification of supply, improved energy technology and emergency preparedness.

GLOBAL ISSUES

25. Global interdependence is an increasingly well recognised reality and is leading to intensified efforts to find solutions to problems related to the trade system, the protection of the environment and developing countries.

The Open Multilateral Trading System

26. The robust economic activity accompanied by strong growth in the volume of world trade over the past year has had only limited effect on the existing large number of trade-restrictive measures and practices. Persisting large external imbalances, as well as delays in structural adjustment, are a source of protectionist pressures and international frictions. Recourse to government intervention and grey area measures continues to erode the multilateral system. New interpretations of certain trade concepts such as "reciprocity" and "unfair trade practices" as well as new approaches implying a degree of balanced bilateral trade are being increasingly advocated in some quarters. Ministers firmly reject the tendency towards unilateralism, bilateralism, sectoralism and managed trade which threatens the multilateral system and undermines the Uruguay Round negotiations.

27. Therefore Ministers express their determination to halt and reverse all such protectionist tendencies and to strengthen the open multilateral trading system. They will fulfill their Punta del Este standstill and rollback commitments, which, inter alia, require the avoidance of any trade-restrictive or distorting measure inconsistent with the provisions of the General Agreement and its instruments. They agree to make effective use of the improved GATT dispute settlement mechanism and to make progress in negotiations for further improvements, and they will avoid any discriminatory or autonomous actions which undermine the principles of the GATT and the integrity of the multilateral trading system, in conformity with the standstill commitment mentioned above. They invite the OECD to pursue its monitoring of trade policy developments in Member countries including in the fields of dumping and other related measures. In this respect full compliance with the commitment for early notification of all new measures is essential.

28. These developments underline the need for a successful outcome to the Uruguay Round in order to strengthen multilateralism in international trade in goods and services, and to open markets. The positive results of the Mid-Term Review provide a sound basis for the next phase of the negotiations, for which the work of the OECD will continue to provide analytical and conceptual support. Ministers agree on the necessity to table more specific proposals as soon as possible and to proceed without delay to substantive negotiations on all issues, including the new areas, so as to meet the deadline set for the end of the Round. Ministers reaffirm their determination to press forward and complete the Uruguay Round negotiations in 1990. They call upon all participants, both developed and developing to make the most

constructive contribution possible to a successful outcome.

Environment

29. Continuing environmental deterioration will threaten the achievement of sustainable economic development and an improved quality of life for all. It is therefore essential that all countries actively participate in confronting the range of environmental problems, including those of a global nature. The OECD countries bear a special responsibility in this respect. The recent series of high-level conferences and meetings make an important contribution to the process of international cooperation.

30. Given the magnitude, urgency and potential economic, social and ecological implications of environmental problems, all relevant national, regional and international organisations will have to be mobilised in the most effective and efficient way. The OECD will cooperate fully in this process and, building upon the work on environmental problems it has carried out over twenty years, will focus on those aspects where, by nature of its membership and structure, it can make a particular contribution.

31. Ministers reaffirmed the critical importance of integrating more systematically and effectively environment and economic decision-making, as a means of contributing to sustainable economic development. Taking advantage of its capacity in the field of economic analysis, the OECD will work to place environmental decision-making on firm analytical ground with respect to costs, benefits and resource implications of environmental proposals and initiatives, selection among policy options and, where appropriate, to develop methods to ensure that environmental considerations become an integral part of economic policy-making. Particular attention will be paid to breaking new ground in such areas as: integrating environmental considerations into economic growth models; analysing environment-trade relationships; determining how price and other mechanisms can be used to achieve environmental objectives; assessing the economic costs and benefits of possible responses, including technologies, to cope with atmospheric, climatic, marine and other global environmental problems (in coordination with the work carried out in other competent bodies); and elaborating in economic terms the "sustainable development" concept.

32. In this respect intensified efforts for technological breakthrough are important to reconcile economic growth and environmental protection. The OECD will examine incentives and barriers to the innovation and diffusion of environmental technologies. It will also promote expanded information exchange on technological options.

33. Industry also has a central role in confronting the environmental challenges of the 1990s, especially in incorporating environmental concerns into their economic decisions. The OECD will continue to stimulate and support closer cooperation between governments and industry to meet these challenges. Progress is beginning to be made in fields such as waste minimisation, industrial processes that conserve energy and raw materials, the design and marketing of cost-effective "clean technologies", and the development of an economically viable pollution control and environmental management industry. There will be an expanded effort to analyse the economic dimensions of these activities and trends and promote information exchange on technological innovation and options. The OECD–BIAC Conference on "Environmental Problems and Industrial Policies in the 1990s" planned for October is an example of this. The agricultural sector also has a central role to play in correcting environmental problems, such as soil erosion and water pollution.

34. Close co-operation, involving the IEA and the NEA on the crucial relationship between environment and energy will continue. Integrated policies which further energy security, environmental protection and economic growth are required. In view of increasing evidence of the risk of global warming and climate change and the necessity to respond to this issue, Ministers call for vigilant, serious and realistic assessment on a global basis of what energy policies can contribute to meeting these challenges, and of their economic and social impacts. Member governments should contribute in their energy policies to the solution of international and domestic environmental problems. As identified by IEA Ministers, they pledge to pursue in their respective energy policies greatly improved energy efficiency and conservation, new technologies and, where national decisions so contemplate, the use of nucle-

ar power with maintained and improved safety in construction, operation and waste disposal. The transport sector also has a particular significance for the environment. The OECD is actively participating in the preparations for an ECMT Ministerial meeting on transport and the environment, which will be held in November 1989.

35. Ministers agree that cooperation with developing countries is essential for the solution of global environmental problems. The OECD will evaluate relevant policy experience in Member countries. On the basis of this information the Organisation will seek to coordinate policies among Member countries with a view to promoting mechanisms for technology transfer to developing countries; the balancing of long-term environmental costs and benefits against near-term economic growth objectives; the design of innovative approaches by development assistance institutions to environmental protection and natural resources management; and the integration of environmental considerations into development programmes, taking into account the legitimate interests and needs of developing countries in sustaining the growth of their economies and the financial and technological requirements to meet environmental challenges. Ministers encourage the development of appropriate environmental appraisal procedures for specific developmental projects and programmes financed directly or indirectly by Member governments. They recognise that public awareness of the environmental impact of potential projects is essential.

Developing Countries

36. The diversity of developing country experience in the 1980s has underlined the importance of individual developing country policies for progress. Sustainable broad-based growth and effective development rely upon policy reforms, carefully related to country situations, aimed at stabilising and liberalising developing economies; strengthening the effectiveness of public administration, the private sector and the role of markets; tackling poverty; and enhancing human resources. The members of the DAC and the multilateral development and financing agencies have been adjusting and differentiating their assistance efforts and modalities to support developing country efforts in these areas. Ministers welcome the review launched by the DAC on major development and aid issues in the 1990s. The results of this work will be submitted to the Ministerial meeting in 1990.

37. Adequate, appropriate and timely financial support is crucial to the success of major economic and social reforms in developing countries. Despite efforts by some DAC countries, the rate of growth in overall concessional aid has slowed down. Ministers express their determination to reverse this trend and to continue to work for improved aid quality. Ministers welcome steps to write off or otherwise remove the burden of ODA loans to the poorest developing countries and urge all donor countries who are able to do so to consider further action along these lines. In addition to their development assistance efforts, the OECD countries have a clear responsibility for promoting an open vigorous international economic environment as an essential contribution to the development process. In this respect, an increase in total net resource flows, including foreign private investment, is also important for developing countries.

38. Persisting debt problems affect a wide range of developing countries. The key principles of the collaborative debt strategy as it has evolved over the past few years remain valid, with emphasis on the case-by-case approach and support to countries implementing effective growth-oriented reforms. In this context Ministers welcome the recent decisions of the IMF and World Bank Boards, which followed up the agreement in the Interim Committee, to strengthen the debt strategy. Ministers urge all parties to move quickly to build upon these steps. The Paris Club is following up the orientations agreed upon at the Toronto Summit in favour of the poorest and most indebted countries. Co-operative efforts in favour of these debt-ridden countries should be strongly pursued and supported.

39. Financial modalities are important but they must be buttressed by a wide-ranging set of economic policies in both the OECD and the debtor countries. Sound monetary, fiscal, and structural policies in the OECD countries will help the financial situation of the debtors by sustaining growth and creating conditions favourable to lower interest rates and stronger savings. OECD countries must also use every opportunity to strengthen the open multilateral trade and financial sys-

tem, press for expanded and free trade with full participation of developing countries, resist protectionism and ensure that their markets are open to the exports of the developing countries.

Cooperation with Non-Members

40. Ministers welcome the successful launch in the past year of the dialogue with a number of dynamic Asian economies, whose role in the world economy is of growing significance. The initial exchange of views on changing patterns in the global economy and on key areas of common interest in policy-making was constructive. The experience thus far suggests considerable scope for further valuable contacts to identify and discuss issues of emerging importance. Ministers warmly welcome these developments, and endorse efforts to carry the dialogue forward through informal discussions on more specific issues. They call for a report at their meeting in 1990.

41. Given growing economic and environmental interdependence, Ministers consider it important that the OECD remain attentive to developments in countries in other regions of the world. Possibilities for mutually informative contacts will be carefully examined.

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39. Implementation of the U.S. Trade Strategy

Statement by the Trade Representative (Hills), June 8, 1989[22]

It is a pleasure to be here and have an opportunity to talk with you about our trade strategy which we believe is clear.

It is to open markets and expand international trade within a multilateral trading system based upon clear and equitable rules.

Our challenge is to muster the tools at our disposal including section 301 toward that end. I am pleased to report that we have been able to use the leverage afforded by Super and Special 301 to win significant trade liberalization through bilateral negotiations in the month preceding our Super and Special 301 decisions announced May 25.

In our Super 301 discussion, the Koreans agreed to open markets in areas of priority to the United States, investment, localization, and agriculture. Taiwan developed an action plan that promotes the opening of the Taiwan market to all exporters, and their plan includes tariff reduction, simplification of import licensing and liberalization revisions, the insurance and banking laws. We expect that these two countries will implement those plans and thus maximize trade liberalization.

We will continue to press for further liberalization measures especially in agriculture. We also obtained significant improvement in the protection of intellectual property rights through agreements with the People's Republic of China, Colombia, and Taiwan, under Special 301.

These successes underscore the value of bilateral negotiations on particular practices to complement our multilateral negotiations.

In identifying our trade liberalization priorities under Super 301, we gave highest priority to a successful conclusion of the Uruguay round of negotiations by December 1990.

We focused on the elimination of specific practices which present serious barriers to trade in our representative of broader areas of concern in the Uruguay round. These broader areas are quantitative restrictions in import licensing where we identified Brazil for its restrictive licensing of both agriculture and manufactured products; exclusionary government procurement where we identified Japan's practices in satellites and supercomputers, standards and technical barriers where we identified Japan's forest products; restrictive investment measures where we identified India for performance requirements; and barriers in trade in services where we identified India for its prohibitions on the sale of insurance.

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[22] Source: *USTR Identification of Priority Practices and Countries Under Super 301 and Special 301 Provisions of the Omnibus Trade and Competitiveness Act of 1988: Hearing Before the Subcommittee on Trade of the Committee on Ways and Means, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 7–8. Chairman of the subcommittee, Sam M. Gibbons, presided over the session.

We will address other practices, including trade distorting subsidies, agricultural policies and other barriers listed in the National Trade Estimates Report[23] in our ongoing bilateral and multilateral negotiations with our trading partners.

We, of course, retain the right to self-initiate 301 petitions on these other practices throughout the year. American industries remain free to petition on their own as well.

By June 16, we will initiate investigations under section 302 on all six priority practices identified under Super 301.

At that time we will request consultation with our trading partners. We will do our best to eliminate these barriers not simply to expand U.S. exports, but to open markets and expand trade for the benefit of all nations.

In Japan we face special problems. As you, Mr. Chairman, mentioned, in the form of structural rigidities that impose extraordinary impediments to our export expansion.

For that reason, the President has directed the Secretaries of State and Treasury to join USTR in pursuing with the Government of Japan negotiations on a variety of structural adjustment matters, including balance-of-payment adjustment, the distribution system, pricing mechanisms, and anticompetitive practices.

I am optimistic that we will have the cooperation of the Government of Japan in launching these negotiations.

With respect to the Special 301 statute, we did not identify any country as a priority country under that provision because we had made such considerable progress in ongoing bilateral and multilateral negotiations. Instead, we placed eight countries on a "priority watch list"[24] and we have developed accelerated negotiation plans for each of these countries and will review the status of each of them on November 1.

An additional 17 countries have been placed on a watch list for special attention.[25] Progress in these negotiations, we feel, is essential.

Denial of adequate and effective property rights harms the economic interests of the United States and also undermines the creativity essential to the technological and economic growth of all countries. Growth in trade is really what we are after; that is what I think Congress intended in the use of both Super and Special 301.

We do not seek mindless name-calling to vent frustration at a stubborn and difficult trade deficit, nor a lock step toward retaliation.

Rather, we seek a constructive setting of priorities and responsible application of leverage to achieve maximum market opening results.

I would be pleased, Mr. Chairman, to answer your and the committee members' questions.

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40. U.S. Funding of the Multilateral Development Banks

Statement by the Secretary of the Treasury (Brady), June 15, 1989[26]

Let me begin by stating that for the fiscal year 1990, the administration is requesting $1.637 million in budget authority and $2.377 million under program limitations for subscriptions to the MDB's.

It is worth emphasizing, Mr. Chairman, that exclusive of U.S. funding shortfalls from previous years, which comprise $314 million of this appropriation request, administration requests for MDB's have not increased since fiscal year 1985. Thus, there has been no growth in our basic MDB request for the past 4 years, and we are not proposing an increase this year.

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[23] Reference is to the *1989 National Trade Estimates Report on Foreign Trade Barriers*, April 12, 1989, submitted to the President, Senate Finance Committee, and appropriate House committees in accordance with Section 1304 of the Omnibus Trade and Competitiveness Act of 1988; for text of the section, see 102 Stat. 1181.

[24] The eight countries on the priority watch list were Brazil, India, Mexico, People's Republic of China, Republic of Korea, Saudi Arabia, Taiwan, and Thailand.

[25] The 17 countries on the watch list for special attention were Argentina, Canada, Chile, Colombia, Egypt, Greece, Indonesia, Italy, Japan, Malaysia, Pakistan, Philippines, Portugal, Spain, Turkey, Venezuela, and Yugoslavia.

[26] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for Fiscal Year 1990: Hearings Before a Subcommittee of the Committee on Appropriations, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), pp. 890–892. Patrick J. Leahy, chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, presided over the session.

For fiscal 1990, we are also seeking $150 million in budget authority to fund U.S. participation in ESAF. The specific request for each MDB window and the ESAF are presented in an annex to my written statement.

Mr. Chairman, the MDB's are important vehicles for promoting U.S. economic, political, security and humanitarian interests.

Senator Lautenberg just mentioned the environment. The forcefulness of our point of view and our ability to attain a consensus of viewpoints regarding the environment are to a large extent dependent on our being full paid members of the club. There are not any junior memberships in these organizations, and it is vitally important, in my opinion, that the United States does its share.

We want to play a leadership role, and for this reason it is critical that we participate actively in new funding. Unfortunately, in the 1980's, the United States has been unable to meet its financial commitments to the MDB's on a timely basis.

Here is a sentence that absolutely knocks me out: We are, in fact, in arrears to several of these institutions, and we are the only highly-industrialized country in the world to be in that position. We must do better in meeting our commitments if we realistically expect the MDB's to work actively to fulfill their policy commitments to us on vital issues, including the debt strategy and, of course, the environment.

Our credibility as a leader in these institutions is at stake and I, therefore, must urge full funding, including eliminating arrears for the World Bank and each of these development banks.

I cannot over-emphasize, just as a personal comment, how difficult it is to represent the United States in these organizations where we are looked up to by countries all over the world and still be in arrears. It is a situation, in my opinion, that we must regard seriously. If we want to get cooperation on the environment and the debt strategy, we cannot be the only large industrialized country in the world that has not paid its dues. To me, it is shocking.

Let me just say a few words about the environment. Global warming and other environmental matters are now of major international concern. The adverse effects of climate change and ozone depletion will not stop at national boundaries. These issues are global in nature and we must develop new and cooperative ways to deal with them more effectively.

Members of this committee have shown a great deal of leadership in galvanizing the MDB's to action on these matters, working closely with members of the Treasury and other members of the executive branch.

Important headway on various levels has been made over the past year and we are fully committed to doing more in this important arena. All of us are looking to these institutions to play a critical role in helping to keep this planet and our environment habitable.

Again, as with the debt strategy, if we maintain our leadership role, we must back up our policy initiatives with financial support.

If I may just go to the conclusion in order to save a little time, Mr. Chairman, I want to emphasize the administration's commitment to and full support for the MDB's and U.S. participation in the IMF enhanced structural adjustment facility. These institutions are vital to our national interest, particularly our efforts to strengthen the international debt strategy. It is critical that we provide full funding for U.S. participation in order to maintain U.S. leadership on debt issues and to ensure that the strengthened strategy is implemented.

Although the MDB's and the IMF are central actors in the debt strategy, these institutions also serve U.S. interests in a variety of other ways. We rely on the MDB's to promote environmental policies; we depend on them to promote our security and humanitarian interests. Furthermore, the MDB activities are important to the U.S. economy, since success in promoting sustainable growth will increase effective demand among developing countries for U.S. exports.

I recognize fully that even in the best of circumstances supporting foreign assistance is never popular. Fortunately, the burden of financing the operation of these institutions is shared by all member countries. Consequently, U.S. interests in developing countries can be pursued through these institutions without the United States bearing the full burden.

I just want to emphasize that point. Because of our position, because of the weight of the United States' opinion in these organizations' affairs, we are able to make policy initiatives that we think benefit this country, while not putting up the full costs of those programs ourselves. This is particularly important during periods of severe budgetary constraint, as we are now going through in this country.

I strongly believe that it is imperative that we support these institutions in their important tasks, not only by participating actively in new MDB replenishments, but also by honoring past due financial commitments to them.

Thank you, Mr. Chairman. I hope that was not too abbreviated.

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41. Freedom and World Prosperity

Address by President Bush Before the Annual Meeting of the International Monetary Fund and the World Bank Group, September 27, 1989[27]

Thank you all very much. Thank you. And thanks especially to my good friend, our Secretary of the Treasury, Nick Brady. And thank you, Nick, for your outstanding economic leadership.

Chairman Lee and President Conable, Mr. Camdessus. It really is a pleasure for me to be here and to welcome you all to Washington, D.C. And it's a special privilege for me to be here in the company of my old friend, former Congressman, now President Barber Conable. We in the United States are keenly aware of these annual gatherings, the importance of them—you drive the work of all of us in maintaining a strong international economic and financial system.

And this is my first opportunity to speak to you as President of the United States. But I've followed the activities of the International Monetary Fund and the World Bank throughout my years of public service. And I have visited many of your homelands, and seen firsthand the problems created by inadequate growth and development, problems that your two distinguished institutions are working hard to solve.

We've witnessed a dramatic shift over the past few years in the debate over how to achieve sustained growth and development. All across the world there's been an almost simultaneous rediscovery of the power created when individuals are given the freedom to act in their own best interests. True, we're here today mainly to discuss economic freedom. But make no mistake. In the end, both economic freedom and political freedom are essential and inseparable companions on the road to national prosperity. The jury is no longer out. Look at the two economic systems and see who has prospered and who has struggled. Let's put an end to this economic experiment. Because history has decided.

It is not climate, natural resources, or cultural traditions that make the difference. I said it in my own inaugural address: "We know what works: Freedom works. We know how to secure a more just and prosperous life for man on Earth: through free markets, free speech, free elections, and the exercise of free will unhampered by the state."

In Latin America, in Africa, Mexico, courageous leaders are turning away from state control of their economies. Economic restructuring and deregulation are opening the door to private initiative. And already they're seeing results. Even more stunning is the transformation in thinking in the Communist countries—in both the Soviet Union and in Eastern Europe. During my recent travels in Poland and Hungary, I was impressed by the people, but also impressed by the almost universal acceptance of the free market as the best hope—indeed, the only hope—for reversing the economic fortunes of these two proud countries. And we will welcome the efforts of the Soviet Union to liberalize and decentralize their economy. I have said many times—and I want to repeat it here today—that I want to see *perestroika* succeed. A more open and humane Soviet Union can only be in the best interest of the West. And as we see the evidence of that reform, we can match it with steps of our own.

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[27] Source: *Weekly Compilation of Presidential Documents*, October 2, 1989, pp. 1444–1446. The President spoke at 9:32 a.m. in the Sheraton Washington Hotel ballroom.

The rediscovery of these basic truths in the East has been matched by a recommitment to them in the West. Today the members of the European Community are dedicated to eliminating internal barriers to economic activity by the end of 1992. And Europe's leaders assure me that this will not be at the cost of new external barriers to trade with the EC. The Peruvian economist, Hernando de Soto, has helped us understand a worldwide economic phenomenon. By walking the streets of Lima, not analyzing official statistics, he found that the poor of Latin America—who have never read Jefferson or Adam Smith—ran their affairs democratically, outside the formal economy, organizing their private, parallel economy in a free and unregulated manner. De Soto's great contribution has been to point out what, in retrospect, may seem obvious: People everywhere want the same things. And when left alone by government, people everywhere organize their lives in remarkably similar ways. De Soto's prescription offers a clear and promising alternative to economic stagnation in Latin America and other parts of the world. Governments must bring the "informal" workers into the regular economy and then get out of the way and let individual enterprise flourish.

We each must do our part. And yes, the industrial countries have a special responsibility. We must coordinate economic policies to help provide sustained growth with low inflation, reduced trade imbalances, and greater stability in exchange markets. We in the United States are working especially hard to reduce our own Federal budget deficit and to increase our national savings rate. All our nations have a responsibility to ensure a fair and open trading system. And we have a tremendous opportunity to advance that cause now, by making success of this all-important Uruguay round of trade negotiations. Making the political commitments necessary to ensure a success—look, they will not be easy, but we must strengthen the GATT and allow our markets to open in a mutual, step-by-step fashion.

As we seek to extend and expand growth in the world economy, the debt problems faced by developing countries are central to the agendas of the IMF and the World Bank. Over the past year, the international community's strengthened approach to these problems has truly provided new hope for the debtor nations. America's Secretary of the Treasury, Nick Brady, has helped direct the focus on debt reduction as a complement to continued new lending—bringing developing nations and commercial banks back to where they belong: back to the negotiating table. Quick action by both the IMF and the World Bank has given this new strategy vital support. By making clear the terms under which they will support the reduction of debt burdens and by working with countries to develop the necessary economic reform programs, these institutions have made it possible to reduce debt burdens and provide a solid foundation for growth.

Thanks to these initiatives, Mexico reached an agreement with its creditor banks enabling Mexico to make enormous progress in reducing its debt burden. It also helped restore—almost instantly—restore confidence in the Mexican economy. And it's already resulted in a return of capital and new foreign investment. This agreement underscores the benefits other debtor countries stand to realize from this approach. Mexico's savings from this package will free resources for productive use in the economy, leading to increased investment, leading to improved growth. What Mexico has done is not a miracle; it's a product of hard work and sustained commitment.

The strengthened debt strategy is flexible enough to address the unique needs of each country. But the strategy will not work without sound economic policies in the debtor countries. Inefficient, unrealistic, growth-stifling policies simply must go. Benefits are available to a broad range of other countries that pursue economic reforms. Several are now actively engaged, I'm told, with the IMF and World Bank, and with the banking community itself. Commercial banks have a special role in making this process work. And they must follow through on efforts made with Mexico and the Philippines, and broaden their efforts with other countries.

We encourage these steps not as self-sacrifice but self-interest. True, success not only will help the debtor nations. But it will also strengthen the banks, by putting their own portfolios on a sounder basis. One of the lessons of the 1980's, especially the debt crisis, is that we're all in this together. And when we cooperate, we all come out winners. The IMF and the World Bank are at the crossroads of our cooperative efforts. The IMF must continue to foster the sound economic policies necessary for sustained growth. As part of that responsibility, the Fund has assumed an important and very welcome role in the strengthened debt strategy.

The United States recognizes that the IMF must have adequate resources to fulfill its critical role. And we will continue to work with other members in the hope of reaching a decision on the quota question—on quotas by the end of the year. The United States has always supported the IMF, and we will continue to do so. We'll all look to the World Bank to help build the foundation for a future global prosperity that reaches all peoples. Its efforts to promote structural reform and development are absolutely crucial to resolving debt problems. The Bank's decisions to take on new responsibilities on the debt front are very welcome. Also, to address the significant problems of the poorest countries, the International Development Association, IDA, was established and will continue to have the support of the United States.

We have also learned, as I emphasized Monday at the United Nations and last summer at the Paris summit, that environmental destruction knows no borders. To make growth truly sustainable, we must weigh environmental considerations more heavily as we make economic decisions. And we must also find ways to strengthen our environmental and development efforts through innovative thinking, such as the "debt for nature transactions." Over the years, as we've come to understand the effect of environmental destruction on the long-term growth of developing countries, the World Bank has increased the priority it assigns to environmental concerns. We applaud those efforts. But there is more to be done. We need to work more cooperatively to develop constructive solutions to global warming, including measures to promote energy efficiency and conservation and greater protection of forest resources.

In addressing the challenges of the 1980's, we have come to a deeper understanding of the importance of cooperating as a community of nations to address common problems. I can think of no better current example than the need to work together to deal with international drug trafficking and money laundering. It is a worldwide problem. Drug money undermines honest businesses, corrupts political institutions, and even threatens the security of nations. To conceal their obscene profits, drug barons must wash their money by cycling it through financial institutions and illegitimate shell corporations. The United States renews its call upon all countries to ratify the United Nations Vienna Convention,[28] and make money laundering a criminal and extraditable offense. We need tough measures to crack down and track down and confiscate the profits of drug-related crime.

I am encouraged by the G-7 democracies interested in this coordinated response to the money laundering menace. But I urge everyone to join with us to explore new ways to stop money laundering in its tracks.

And there may be no greater opportunity before us—all of us—today than the challenge of Poland; and then on the broader landscape Eastern Europe, the entire Eastern Europe, where countries are in the throes of dramatic political and economic change. The United States and its international partners have already undertaken new initiatives toward Poland. But now, in the light of clearly growing needs, the recent accession of a Solidarity-led government, and our self-evident stake in its success, we must do more. We understand the Polish Government has under consideration a bold plan for economic recovery. And I call on the IMF and the World Bank to work rapidly with Poland to develop such a program and ensure its successful implementation. For its part, the United States intends to be out in front of this effort, to take advantage of this historic development and to ensure its success.

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[28] The U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, was signed by 43 nations including the United States in New York December 20, 1988, and 47 additional nations signed during the open period ending December 20, 1989. The convention had not entered into force when this volume went to press. For text, see *American Foreign Policy: Foreign Affairs Press Briefings and Treaties, 1988. Supplement;* also *International Legal Materials,* Vol. 27, No. 2 (1989), pp. 493–526.

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Today our mutual efforts to improve global growth, to ease the burdens of developing countries—their indebtedness, and to open markets for trade have demonstrated anew that progress is best achieved by facing pressing issues together. This is a lesson that we must carry with us into the 1990's if we are to pass on to future generations a global economy that is strong and resilient and able to provide for the aspirations of the citizens of all our countries. Thank you very much for your hard work. Thank you for your service. Thank you for your commitment. God bless you and the nations that you represent. Thank you very much.

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42. Export Controls and U.S. Trade Policy

Statement by the Secretary of Commerce (Mosbacher), October 5, 1989[29]

Thank you, Mr. Chairman. I'm grateful for the opportunity to appear before this committee today and to discuss the issue of export controls with you.

Let me state at the outset and for the record: This administration recognizes that the first obligation of any government is to protect the security of its citizens. It is an ancient principle of governance. "The safety of the people is the highest law."

There can be no compromise on this point. National security comes first—at the Department of Commerce as in Congress and in every other agency of our government.

That said, the question is: How are we best to promote national security? Is it by creating a fortress America that rejects all trade for fear of possible military implications? Or should we follow a policy of promoting international trade—and economic growth—while selectively controlling those items with significant military applications?

As the members of this committee know so well, the policy of our government—established by law—is the latter. In the interest of security, we have rejected isolationism. We have recognized that economic activity is a vital aspect of American security.

We strive to promote American exports, while at the same time we work to keep sensitive and dual-use technology out of the hands of unfriendly nations.

It's not an easy policy to implement. It calls for constant vigilance and tireless attention to detail.

But that continues to be the direction of our policy, both with foreign policy export controls and national security controls. As President Bush has said (March 23, 1987), "We must strengthen our export control system by imposing standards that are more effective in identifying sensitive high technology and prohibiting its transfer. As part of that effort, we must also streamline our export control system in order to keep time-consuming, bureaucratic intervention to a minimum so that American sales of legitimate technology are not lost to foreign competitors."

I would now like to turn to the U.S. foreign policy export control program. *First,* by law these controls must be reviewed and extended annually. The current foreign policy export controls have been extended through January 20, 1990. Our controls are intended to further U.S. foreign policy interests in many areas such as promoting human rights, combating terrorism, promoting regional stability, and stemming the proliferation of chemical and biological weapons and nuclear-capable missiles.

The two latter issues have been major agenda items for the Bush administration. The extreme seriousness of these two problems has enabled the United States to achieve a unique victory: we have the cooperation of the major producing nations in controlling and monitoring their exports in order to stem such proliferation.

Second, the United States is calling for increased attention from the world community. Following the Paris conference on chemical weapons, President Bush addressed the United Nations and called for the unltimate abolition of chemical weapons and for interim steps to monitor existing stockpiles.

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[29] Source: Department of Commerce files. The Secretary delivered his statement before the House Foreign Affairs Committee. The hearings on trade control policy had not been published when this volume went to press.

For our part, the Department of Commerce has expanded and imposed foreign policy controls on commercial chemicals which can be used as precursors for chemical weapons. On February 22 of this year, I submitted a report to Congress announcing the imposition of foreign policy controls on 23 dual-use chemicals and on selected biological agents.[30]

Getting the job done is not easy. Many chemicals are basic to peaceful industrial use. But it can and will be done.

Third, on missile technology, the Department of Commerce is responsible for controlling only dual-use items controlled under the Missile Technology Control Regime. We work very closely with the State Department in reviewing exports of items under our missile technology restrictions. This careful review ensures that no such exports will go to countries of proliferation concern.

Mr. Chairman, we are committed to making our export control program work in support of our national security, foreign policy, and economic interests.

Thank you.

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43. Agricultural Priorities in the Uruguay Round

Address by the Secretary of Agriculture (Yeutter) Before the American Chamber of Commerce, Rome, November 14, 1989 (Extract)[31]

. . . .

The U.S. goal in the Uruguay Round is to help build a global trading system in which merchants of all nations can freely sell agricultural products globally to consumers who want to buy them—with a minimum of restriction and with every transaction subject to the same rules.

The United States is working diligently to promote increased, more efficient agricultural trade for every nation around the globe. We have been joined in this effort by many supporters here on this side of the Atlantic, as well as in Latin America and in the Pacific regions.

The United States willingly places our own agricultural production and trade policies on the table for scrutiny and negotiation. We offer to amend those policies—to the extent other trading nations make similar amendments in their own policies.

We will continue to offer this opportunity.

Three weeks ago, American Ambassador Carla Hills put forth a U.S. proposal to break the chains of inefficiency that now bind agricultural trade. We expect that before the end of 1989, the European Community will issue an agricultural trade reform proposal of its own.

The negotiating process will then intensify as we move toward the proposed December 1990 conclusion of the Uruguay Round of the GATT.

I am personally optimistic that the nations of the world can work together to make real improvements. To that end, I would like to explain more fully to you the

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[30] Reference is to *1989 Annual Foreign Policy Report to Congress*, February 1989, submitted by the Secretary of Commerce to the Speaker of the House and President of the Senate in accordance with Section 6(f)(2) of the Export Administration Act of 1979, P.L. 96–72, approved September 29, 1979; 93 Stat. 503.

[31] Source: *Selected Speeches and News Releases*, November 9–November 16, 1989, Department of Agriculture, pp. 2–6.

United States agricultural trade reform proposal.

U.S. Proposal

We call for improved and strengthened GATT rules and disciplines in four areas.

Import Access.
Export Competition.
Internal Supports.
Sanitary and Phytosanitary Measures.

We believe our proposal will lead to a change for the better.

In the opening of new market opportunities.

In how governments support their agricultural sectors.

In the opportunity for economic growth.

The U.S. proposal embodies four basic concepts.

Tariffication to improve import access.

Abolition of all export subsidies.

Categorization of, and reductions in, certain types of internal agricultural support programs.

Sanitary and phytosanitary measures based on sound science, applied uniformly around the globe.

Before going into the details, let me clear up two misconceptions.

First, let me tell you what the U.S. proposal is not.

It is not a proposal to eliminate all farm support programs. There is nothing in our proposal that precludes any nation from having a safety net for its farmers.

Under the U.S. proposal, countries would still be able to provide financial assistance to their farmers. One way to provide this help would be through direct income programs, but there are others. We ought to have enough imagination to devise ways of funneling income support to farmers without distorting trade!

Farm support policies should be redirected in this manner and we believe there are ample farm policy options available to accomplish this goal.

The second misconception I want to address arises from recent comments by European officials that the U.S. proposal calls into question the GATT Mid-Term Agreement. Those comments suggest that the Mid-Term Agreement precludes the phase-out of farm price support linked to production. That is a gross misstatement of what we agreed upon. It implies that the countries meeting in Geneva last April want to continue currently existing support systems, subsidies and import barriers.

What the agreement actually says is that the objective of the negotiations is to provide for substantial, progressive reductions in support and protection, resulting in correcting and preventing restrictions and distortions in world agricultural markets. This is exactly the direction in which the U.S. proposal will take us.

The U.S. proposal has four essential elements.

Import Access

Our proposal incorporates the tariffication concept that we first proposed in July. Essentially, "tariffication" is a 13-letter word for a common sense concept. We propose conversion of all current agricultural nontariff import barriers into tariffs—then reducing them, step-by-step over time. This is the way the GATT has functioned for 40 years in industrial goods and it is high time that agriculture be treated similarly.

First, all nontariff measures including import quotas, variable levies, restrictive licensing and voluntary restraints would be converted to their tariff equivalent beginning in 1991.

Then all tariffs, including the converted nontariff measures, would be progressively reduced over a suggested 10-year transition period. By the turn of the century, market access in agriculture should be approximately comparable to that in industry, which would be a marvelous achievement!

To help countries adjust, we suggest that tariff quotas be used to provide an orderly transition. In other words, countries would be able to use a combination of quotas and tariffs during the coming decade. We also propose to allow special safeguard measures during the transition period, to protect nations against temporary import surges.

Export Competition

The U.S. goal is to more effectively orient agricultural production to market forces by phasing out export subsidies and export restraints. We propose that export subsidies be phased out over 5 years. This timetable is critical in view of the serious dislocation of trade that these subsidies now cause.

Export tax differentials (which effectively act as export subsidies) would also be phased out. Export restraints would be prohibited in 1991.

Internal Support Programs

The U.S. also proposes to strengthen GATT rules and disciplines covering internal agricultural subsidy programs which cause trade distortions.

To accomplish this objective, we have categorized support policies into three groups.

1.) Policies to be phased out over a 10-year transition period.

2.) Policies to be disciplined.

3.) Policies to be permitted without any new GATT disciplines.

The first category would include those policies that distort trade the most. An example would be commodity support programs which directly set prices of specific commodities, usually well above the prevailing world price.

I call these the "red light" programs, those subjected to a red stop light at the end of the road. When they reach it, they will have been phased out.

The second category is one that should be seen as having a sign that reads. "Caution, slow down" or a yellow light. These policies would be disciplined and their overall impact reduced.

The GATT disciplines on the "yellow light" programs would be intended to prevent nullification or impairment of concessions, and material injury or serious prejudice to a trading partner. Examples might be input and investment subsidies, such as fertilizer and irrigation subsidies that are generally available to all producers.

The third category of internal support programs would have a "green light" or "continue" sign attached to it. These "green light" policies would not be subjected to any strengthened GATT disciplines or reductions. This category would consist of income support measures not tied to production or commodity prices and programs such as research and extension which would not be trade distortive or only nominally so. Other examples might include domestic food aid, reforestation incentives, conservation programs or market promotion programs that do not affect price.

Sanitary and Phytosanitary Measures

In the area of sanitary and phytosanitary measures, the U.S. proposal would establish an international process for settling trade disputes involving food safety, animal health issues and plant health issues. It would also promote harmonization of international standards in the food area.

Food safety policies should be established on the basis of sound scientific evidence and should recognize the principle of equivalency as provided in the Mid-Term Agreement.

The U.S. proposal recommends a formal process for notification, conciliation and dispute settlement. This would include formalized involvement of respected international organizations such as the Codex Alimentarius Commission, the International Plant Protection Convention and the International Office of Epizootics.

Trade restrictions based on health concerns would be established and challenged on the basis of science rather than irrational allegations or blatant protectionism.

Conclusion

We have lots of work to do over the next 12 months. Today we are far from achieving a consensus on agricultural trade reform, though in my judgment we should not be.

The package of measures I have just outlined constitutes a sound, rational, gradual, and balanced in approach. It handles trade-offs among farmers, consumers and taxpayers throughout the world in a very sensible way.

There is little question that it will be politically difficult to accomplish meaningful agricultural reforms—in the United States, Europe, and elsewhere. We understand that. But if the GATT member nations miss this great opportunity, we will have done a great disservice to ourselves and our fellow human beings. This is a time to be bold and courageous, not timid.

Thank you.

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44. Approval of Steel Trade Liberalization Program Implementation Act

Statement by President Bush, December 12, 1989[32]

Today I sign H.R. 3275, the "Steel Trade Liberalization Program Implementation Act."[33] This law underscores the bipartisan support in the Congress for the Steel Trade Liberalization Program I announced on July 25, 1989. I am pleased that the initial phase of negotiations to implement my program has been successfully completed. These negotiations, conducted under the direction of Ambassador Carla Hills, produced agreements to:

—Extend the existing Voluntary Restraint Arrangements (VRAs) for 2½ years; and

—Eliminate trade-distorting practices in the steel sector.

I am particularly pleased with the bilateral consensus agreements to eliminate trade-distorting practices. For the first time countries have agreed to market-opening goals and to disciplines over trade-distorting subsidies. Our trading partners have pledged to work with us in the Uruguay Round, both to codify under the General Agreement on Tariffs and Trade (GATT) the disciplines on subsidies and to eliminate tariff and nontariff barriers to steel trade. These bilateral agreements on steel are stepping-stones to a multilateral agreement in the Uruguay Round to provide comprehensive disciplines over trade-distorting practices.

H.R. 3275 also contains two other provisions that are important for our international trade policy:

—The superfund petroleum tax amendment brings the United States into conformity with an important GATT ruling. The enactment of this provision reinforces the commitment by the administration and the Congress to full compliance with out GATT obligations; and

—The ethanol provision implements a time-sensitive portion of pending legislation to enhance the Caribbean Basin Initiative (CBI). I look forward with enthusiasm to the enactment of administration-supported CBI legislation early next year.

Section 2 of the bill, which amends the Steel Import Stabilization Act (19 U.S.C. 2253 note), adds a section 803(d) that requires the President to provide the Congress with an annual assessment of the progress of specified trade negotiations. I view this provision as duplicative of existing statutory provisions for keeping congressional trade advisors informed on trade negotiations and will implement it consistent with my constitutional authority to protect information relating to negotiations with foreign nations.

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45. European Community Agricultural Proposals

Joint Statement by the Secretary of Agriculture (Yeutter) and the Trade Representative (Hills), December 20, 1989[34]

Today in Geneva the European Community submitted its comprehensive agriculture proposal in the Uruguay Round of trade negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT). This is the last of the major proposals to be submitted and now will permit the final negotiations on agriculture to get underway early next year.

While the proposal contains some positive indications, we are concerned with the continued reliance by the EC on managed agriculture and, in particular, the apparent intention to continue to rely upon large scale subsidies and especially export subsidies. Government programs that manage markets are one of the major causes of the current trade distortions in agriculture. The successful future of trade in agriculture depends on market liberalization and significant reduction of subsidies that distort trade.

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[32] Source: *Weekly Compilation of Presidential Documents*, December 18, 1989, pp. 1941–1942.

[33] P.L. 101–221, approved December 12, 1989; 103 Stat. 1886.

[34] Source: *Selected Speeches and News Releases*, December 15–December 22, 1989, Department of Agriculture, pp. 2–3.

The United States cannot accept the EC's proposal to "rebalance" import protection. Rebalancing would raise tariffs, reduce market access and increase the price of food to consumers. Rebalancing is simply protectionism by another name, and we believe that the other GATT countries will recognize it as such.

The EC's version of tariffication—retaining a country's right to vary import charges with fluctuations in market prices and exchange rates—does little to liberalize market access. The EC's approach on export subsidies is unacceptably weak and totally out of step with the other Uruguay Round proposals.

We are encouraged by the EC's admission that current agricultural support policies around the world have led to "very serious problems" in agricultural markets and that significant corrective actions are needed. We applaud the proposal's recognition of the trade distorting effects of the variable levy. The section of the proposal on sanitary and phytosanitary measures is a constructive addition to the discussions of agricultural reform.

We hope these signs of flexibility will translate into a constructive overall EC position on agriculture as we enter the final year of negotiations.

C. Energy Policy

46. U.S. Energy Security

Statement by President Reagan, January 3, 1989[1]

I am today announcing my determination with respect to the Department of Commerce's investigation into the effect of petroleum imports on the national security.

The Department's investigation was in response to a petition filed in December 1987 by the National Energy Security Committee. The Secretary of Commerce has concluded that there has been a substantial improvement in U.S. energy security since the last section 232 petroleum finding in 1979.[2] However, declining domestic oil production, rising oil imports, and growing free world dependence on potentially insecure sources of supply raise a number of concerns, including vulnerability to a major supply disruption. The investigation found that the maintenance of U.S. access to sufficient supplies of petroleum is essential to our economic security, foreign policy flexibility, and defense preparedness. Given these factors, the Secretary of Commerce found that petroleum imports threaten to impair the national security. However, taking into account the administration's detailed program to improve energy security, transmitted to Congress on May 6, 1987,[3] the Secretary has recommended that no action to adjust imports under section 232, such as an oil import fee, be taken because such action would not be cost effective and, in the long run, would impair rather than enhance national security.

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[1] Source: *Weekly Compilation of Presidential Documents*, January 9, 1989, pp. 6–7.

[2] Section 232 of the Trade Expansion Act of 1962, P.L. 87–794, approved October 11, 1962, 76 Stat. 876, requires the Secretary of Commerce to initiate an investigation to determine the effects of particular imports on the national security at the request of a Department or Agency head or in response to a petition from an interested party. For text as amended see 102 Stat. 1257.

[3] For text of President Reagan's message of May 6, 1987, see *American Foreign Policy: Current Documents, 1987*, pp. 140–141.

I approve the Secretary of Commerce's finding, and based on his recommendation, I determine that no action to adjust oil imports under section 232 need be taken. My administration has done a great deal to build the Nation's foundation for long-term energy security and to strengthen the domestic oil industry. We have decontrolled oil prices and eliminated allocation controls. The Strategic Petroleum Reserve (SPR) contains over 555 million barrels, compared to 108 million barrels 8 years ago. U.S. imports come from diversified sources, and there have been important developments in conservation and interfuel substitution that contribute significantly to enhancing U.S. energy security. In addition, implementation of the U.S.-Canada free-trade agreement will promote increased bilateral energy trade and provide reliable supplies at competitive prices. Today the Nation is far less vulnerable to an oil supply disruption than in 1973 or 1979.

Despite these improvements, important energy security concerns remain. While lower oil prices have provided substantial benefits to the U.S. economy, they have also led to rising oil consumption, declining U.S. crude production, and rising oil imports. In addition, projections show that the free world will become increasingly dependent on oil supplies from potentially insecure sources. Therefore we must continue our efforts to ensure that these trends do not leave the free world more vulnerable to economically damaging oil supply disruptions.

I was heartened by congressional action on some of my May 6, 1987, recommendations, such as repeal of the windfall profit tax, repeal of restrictions on the use of natural gas, and reauthorization of the Price–Anderson Act for nuclear power plants.[4] However, a number of my recommendations to improve the Nation's energy security have not been acted upon. I once again urge Congress to take the following actions:

(1) Enact comprehensive legislation to deregulate wellhead prices of natural gas and to mandate open access to natural gas pipelines.

(2) Permit environmentally sound exploration and development of the Arctic National Wildlife Refuge (ANWR) in Alaska and the Outer Continental Shelf. These areas are the most promising prospects for discovering major new oil reserves in the United States.

(3) Increase the availability of the percentage depletion allowance used in calculation of independent oil and gas producers' income taxes by repealing the "transfer rule" and increasing the next net income limitation to 100 percent.

(4) Continue to fill the SPR to reach the goal of 750 million barrels. The Naval Petroleum Reserves at Elk Hills, California, and Teapot Dome, Wyoming, should be sold as a means to accelerate the SPR fill rate and to pay for a new 10-million-barrel Defense Petroleum Inventory.

(5) Enact a comprehensive reform of nuclear power licensing to streamline the process and reduce costs while enhancing public safety.

Given the nature of the international oil market, the United States alone cannot assure its energy security. Consequently, we continue to work closely with our partners in the International Energy Agency (IEA) to improve our mutual energy security. With our encouragement, our IEA partners have built up their strategic stocks to 400 million barrels. Together we are making significant progress towards a more balanced mix of energy options. The specific actions I have outlined above, when implemented, will make a further significant contribution to improving the energy security of the United States and the free world.

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[4] The Price–Anderson Act, P.L. 85–256, approved September 2, 1957, amended the Atomic Energy Act of 1954 by establishing liability for atomic energy damages; 71 Stat. 576; 42 USC 2014.

Document 46

47. The Need To Reduce Dependence on Foreign Oil

Address by President Bush Before the Texas State Legislature, Austin, April 26, 1989 (Extract)[5]

. . . .

. . . [N]o matter how diversified and high tech that we become, a strong domestic energy industry is important, still important, to the future of this State and, in my view, to the future of all America. I find it disturbing that nearly 50 percent of America's oil is imported. This is not good for the national security of the United States of America. And now some are questioning the future of America's energy production in the aftermath of the wreck of the *Exxon Valdez* off Alaska.[6] I am as concerned as anyone, as all Americans are, by the environmental tragedy in Prince William Sound. We're using Federal resources intelligently to clean it up. We're working with industry to develop an improved plan in the event of a future spill. But shutting down our domestic energy production is no answer and would merely increase our dependence on foreign oil. We must, and we will maintain a strong, domestic energy industry.

To reduce our dependence on foreign oil, we must return to high levels of exploratory drilling. I propose to stimulate domestic drilling with tax credits and other incentives. We need more research—this isn't just a function of the Government incidentally—but we need more research to learn how to recover more of our secondary and tertiary oil. And I want to do something else. Texas has a 65-year supply of one of the cleanest forms of energy known to man: natural gas. And I call on the United States Congress, at long last, to fully decontrol natural gas. And I believe that's going to happen soon.

We need a national energy policy that relies not only on oil but on other sources as well. I believe we can and must use safe nuclear power. I believe that coal has a bright future. And you know my confidence in natural gas. As we all become increasingly concerned about the need for clean air, we must look more to natural gas and to nuclear power. We must press forward with clean coal technology, and we must produce more of our corn crop to produce—switch more of our corn crop to produce ethanol, more of our natural gas to produce methanol. And the greater use of these alternate fuels will rapidly improve the air quality of our most heavily polluted cities. And I'm talking about Los Angeles, Denver. I'm talking about Houston, Texas, and other heavily impacted areas.

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48. Challenges of Growing International Oil Consumption

Communiqué Issued by the Governing Board of the International Energy Agency, Paris, May 30, 1989[7]

1. The Governing Board of the International Energy Agency (IEA) met at Ministerial level on 30th May 1989 in Paris under the Chairmanship of His Excellency, Mr. Jose Claudio Aranzadi, Minister for Industry and Energy of Spain.

2. Previous Gains and Current Situation

Ministers agreed that developments in the main energy markets, including efficiency gains, sufficient supplies, more competitive markets and lower prices than earlier in the decade, are contributing positively to overall economic activity in IEA countries and in the world economy. Energy security, both for IEA countries and for the world at large, has improved considerably as a result of policies and programmes implemented in the 1970s and 1980s in such areas as efficiency and conservation, fuel diversification, indigenous resource development, emergency preparedness, natural gas security and enhanced R&D collaboration, as well as market pricing, deregulation and privatization, greater competition and reduction of trade barriers.

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[5] Source: *Weekly Compilation of Presidential Documents*, May 1, 1989, p. 621. The President spoke at 4:35 p.m. in the house chamber of the Texas State Capitol building.

[6] Reference is to an oil spill in Prince William Sound caused by the grounding of the tanker on March 24.

[7] Source: Department of State *Bulletin*, September 1989, pp. 83–86. Secretary of Energy James D. Watkins led the U.S. Delegation.

3. Looking Ahead to the 1990s and Beyond

Ministers called sharp attention, however, to two aspects of the current energy situation to which they attach particular importance and view with deep concern:

—growing world-wide oil consumption, particularly for transportation, with its eventual medium-term consequences of a tighter supply/demand balance and renewed vulnerability to supply disruptions; and

—the environmental aspects of energy supply and consumption, including both the more conventional and better-known pollutants and the growing atmospheric concentration of CO_2 and other "greenhouse" gases and its long-term consequences for global warming and climate change.

They therefore confirmed again their long-standing commitment to ensuring that energy security and policy objectives are achieved while also achieving a clean and healthy environment and agreed that the IEA and its Member countries will take vigorous energy policy action, in particular greater efficiency and technology improvements, to address these challenges of the 1990s in order to prevent them from acting as a constraint on economic growth in industrialized countries or on development in other countries.

They also noted certain other aspects of future market developments which also require further attention, and in some cases action by governments as previously agreed in the IEA:

—growing energy consumption, particularly in oil and electricity, is eroding gains achieved earlier on both the supply and the demand side;

—maintaining sufficient oil supply, particularly in view of production declines in some OECD countries, will require investment climate and conditions conducive to sustaining reserve additions, especially outside the Middle East, and close attention to how the oil industry adjusts to fluctuating prices and to the effect which changes in ownership and other structural developments may have on competition within the industry;

—barriers and other distortions to energy trade in coal and other forms of energy, where they remain, must continue to be reduced with a view to their elimination, and no new barriers or other distortions must be allowed to arise;

—rising demand for natural gas must be met in accordance with previous decisions by Ministers regarding security and diversity of supply, and taking into account the long-term reserve situation and environmental characteristics of gas;

—possible difficulties in meeting rising demand for electricity (despite greater efficiency in generation and end use) if there are constraints on further diversification of energy sources through greater use of coal, natural gas, nuclear, hydro and other renewables;

—rising demand for energy in developing countries and in centrally planned economies.

4. Policies to Deal With Future Challenges

Ministers agreed that energy security in both the short and long term, in order to sustain economic well-being, can and must be maintained despite the risks inherent in the above aspects of future energy developments. They agreed upon the need for strongly reinforced policies as regards oil demand within a context of competitive energy markets, open energy trade and investment and sound price policies. They also agreed upon vigorous new action as regards energy and the environment. In general, they called for keeping open a broad range of energy policy options which consolidate previous gains but are adjusted to meet the changing circumstances which can now be foreseen.

(a) *Emergency Preparedness.* Ministers recognised that a large portion of the oil supply of IEA countries is and will be imported from areas where supply disruptions cannot be excluded. They also noted that growing consumption is already absorbing surplus capacity in various parts of the oil supply chain (including production, transportation and refining) with a corresponding reduction of flexibility and growth of vulnerability. They agreed that preparedness to meet oil supply disruptions through the IEA's systems for responding to supply disruptions, which include co-ordinated early stock-draw and other measures, as well as emergency oil sharing, remains a principal concern of international co-operation within the IEA for the purpose of maintaining its Member countries' economic well-being. Those systems will therefore be maintained in readiness by periodic testing, review of Member countries' response capacities and any improvements which may be necessary to reflect changing market and industry structures. Recalling their decision in 1987 that IEA countries will maintain stock levels that would be readily available at the instance of governments, under clear and definite authority so as to assure their ability to implement these systems in an oil supply disruption, they applauded the efforts of those IEA countries which have increased their government, public entity and private stock levels as protection against the risk of supply disruptions. They encouraged them and others to continue those efforts and to improve their stock-draw authority and procedures and demand restraint measures and procedures, in line with the commitments undertaken in the 1987 decision.

(b) *Diversity of Energy Supply.* Ministers agreed that diversification of energy supply must be further pursued, in order to avoid greater dependence on oil and to make economic use of available resources. They therefore agreed to pursue further diversification by means of:

—appropriate investment conditions for oil exploration and development and competitive industry and market structures;

—more environmentally acceptable use of solid fuels;

—greater use of natural gas from diversified sources;

—greater use of renewables where available technology and local conditions make them economic, and greater efforts to make them more competitive;

—provision of adequate and diversified electricity generation capacity.

Ministers recalled their decision in 1987, in view of the different positions which exist in IEA countries regarding nuclear power, that each IEA country will have to decide on the mix of fuels used for electricity generation best suited to its particular circumstances, taking account of energy security, environment, safety and the possible effects of their decisions on other countries. Some countries have adopted the nuclear option, and they intend to continue their nuclear power generation programmes in order to secure the economic and environmental advantages which they consider flow from them. All IEA countries agreed upon the necessity for continuing to apply the highest available standards of nuclear safety in all its aspects, particularly operation and waste management.

(c) *Greater Energy Efficiency and Conservation.* Ministers agreed that greater energy efficiency and conservation is both possible and necessary in the use of all forms of energy in order to continue the gains already achieved and to increase the rate of improvement above present levels. It will be pursued vigorously by the governments of all Member countries for both energy security and environmental reasons, concentrating on:

—achieving long-term results in large and fast-growing sectors of energy use such as transportation; electricity generation and end use; heating; and energy process requirements; and

—using market-based pricing and such of the following measures in each sector as are appropriate and effective under national circumstances: provision and dissemination of information, such as labeling; removal of institutional and other market barriers; support for the development and application of technologies for more efficient energy transformation and end use; financial or fiscal incentives taxation; voluntary and mandatory standards;

in each case taking account of the economic and other costs involved.

(d) *Energy and the Environment.* Ministers have previously stressed the important links between energy and the environment, and consequently the need for integrated policies which further energy security, environmental protection and economic growth. Now in 1989, particularly in view of increasing evidence of the risk of global warming and climate change and the necessity to respond to this issue, Ministers reiterated their previous position and moreover called for vigilant, serious and realistic assessment on a global basis of what energy policies can contribute to meeting these challenges, and of their economic and social impacts. They noted that CO_2 and other greenhouse gas emissions originate from OECD countries, but also, in a large and growing proportion, from non-Member countries; and that all countries are affected by the result. They therefore stressed that a high degree of international co-operation, as advocated by the World Commission on Environment and Development, will be required. They also stressed the need to pursue greater scientific understanding, to assess the kinds of policy responses which may be necessary, and to implement them on a global scale. They agreed that this will be a long and ongoing process in which the IEA and its Member countries can show leadership within the overall international process which is developing for addressing climate change issues, with a view to integrating energy security and environmental policies in both the short and long term. They agreed that for this purpose the IEA will continue its co-operation with the OECD and will participate in the activities of the Intergovernmental Panel on Climate Change as a focal point and other international activities, in the manner and to the extent determined by the Governing Board at official level in each case.

Ministers noted the range of RD&D and other activities which the IEA and its Member countries have already taken to address the clean use of coal (especially in electricity generation) and motor vehicle pollutants, and welcomed the significant progress which has been made in many countries toward reducing emissions of sulphur and nitrogen oxides, lead in petrol, air particulates, water pollution and hazardous wastes from these sources. They agreed, however, that further action is necessary to achieve more widespread application of existing pollution control technologies as well as further technological advances, and that these efforts must be continued vigorously in all Member countries and especially in those countries which encounter difficulties and where less progress has so far been achieved, taking due account of the important cost implications involved. Industry also has a central role in confronting environmental challenges. The IEA will continue to stimulate and support close co-operation between governments and industry in order to meet these challenges.

Ministers requested the Governing Board at official level to examine possibilities for international collaboration within the IEA to improve the technologies and procedures available for preventing and treating oil spills and other accidents in the petroleum production, transportation and processing system.

Ministers also considered emissions of carbon dioxide and other gases from fossil fuel combustion and other sources which contribute to the greenhouse effect. They noted especially the complexity and uncertainties of the relationships between greenhouse gas emissions from fossil fuels and atmospheric concentrations, and consequent climate change, as well as the worldwide dimensions and implications of these issues.

Ministers, recognising the responsibility of IEA countries to contribute to the solution of environmental problems, pledged that they will not wait for all uncertainties to be resolved, but will act now by taking energy policy measures promptly to address these problems, focusing on prudent steps that take account of the various costs involved and are consistent with agreed IEA policies for energy security. Ministers recognised that even though such measures by themselves cannot quickly resolve all the problems on a global scale, they can nonetheless begin to make a contribution in the medium and longer term.

Ministers therefore pledged to pursue in their respective energy policies:

(i) increased conservation and energy efficiency along the lines set out in Section 4(c) above;

(ii) when fossil fuels are used, setting strict standards for SO_2 and NO_2 emissions and encouraging introduction of advanced cleaning and combustion technologies;

(iii) evaluation, on the basis of their entire fuel cycle and their other environmental consequences, of the possibilities for making greater use of available energy sources with lower levels of CO_2 and other greenhouse gas emissions, such as natural gas and, where economic or where they can be made more competitive, renewable and other energy forms, to meet growing energy needs;

(iv) where national decisions so contemplate, the use of nuclear power; this will be facilitated by demonstrating that safety both in operation and in waste disposal has already been, and will in the future, be maintained and further improved through such means as more efficient and reliable regulatory controls, accompanied by RD&D and other actions further to improve reactor design, construction, operation and decommissioning as well as the front and back ends of the nuclear fuel cycle;

(v) RD&D to develop new and improved technologies for greater energy efficiency; for nuclear fusion and hydrogen fuel processes; and for renewables such as solar, wind, hydro power, biomass and geothermal;

(vi) continued and intensified RD&D to identify and assess technological methods for containment and removal of greenhouse gas emissions in the longer term;

(vii) re-examination of priorities within their existing bilateral and multilateral energy assistance and R&D collaboration programmes with a view to determining whether reorientations or new programmes are needed to strengthen the contribution which developing countries can make to the global response to climate change issues; and agreed that progress achieved in these areas will be closely monitored and assessed within the IEA's Country Review process.

Ministers discussed the new element which these concerns about global climate change have introduced into energy policy formulation. They agreed that this new element will have to be taken into account by all IEA countries in developing the energy policy options which they will choose by national decision for their contributions to the climate change issue. These options would include greatly improved efficiency, new technologies and nuclear power.

In agreeing to take these actions, Ministers cautioned that severe short-term measures designed to produce quick results (such as sharp tax increases or other abrupt changes in the economics of providing and using energy, or phasing out individual fossil fuels) could also produce very high energy and general economic costs. In this regard, they noted that economic growth is necessary not only in itself but also to provide for environmental protection on an economically sound basis through financing new and less polluting infrastructure, funding RD&D and adapting technologies to the needs of non-Member countries. They therefore stressed the need for a balanced, integrated bundle of realistically implementable and cost-effective energy-related and other responses, without losing sight of the need for energy security.

Ministers also noted that in addition to the strong contribution they contemplate from the energy sector, action will also be required in other important sectors of economic activity such as agriculture, transportation and industry, and called for reliable analysis of the micro- and macroeconomic impacts from all sectors.

(e) *Energy Technology and RD&D.* Ministers agreed upon the continued and increasing importance of energy technology and RD&D not only in all the areas where it is specifically referred to above but also in general, as an essential basis for maintaining energy security in the long term. They agreed that it should be intensified in all Member countries across the full spectrum of laboratory development, testing, pilot plant and prototype demonstration, and dissemination and commercialization and within a context of strong international collaboration; government and private sector participation within competitive energy markets; and cost effectiveness. Ministers noted the results of the IEA/OECD expert seminar on technologies for reducing greenhouse gas emissions, and agreed that the main priorities for future IEA RD&D activities should include technologies for better energy efficiency; for more environmentally acceptable use of coal; for enhancing the availability of low cost indigenous oil and natural gas resources; for increasing the accessibility of remote natural gas reserves; for renewable sources of energy and their effective integration into energy systems; for upgrading the reliability, flexibility and efficiency of the electricity sector; and for improving nuclear fission technologies and demonstrating the feasibility of nuclear power fusion systems. They therefore invited the Governing Board at official level to define goals and directions for orientation of future IEA RD&D activities on this basis.

5. Energy in Non-Member Countries

Ministers noted that energy supply and demand in non-Member countries will increasingly have a stronger impact upon the world energy situation and upon the ability of IEA countries to pursue effectively the kinds of energy policies referred to above, especially those relating to greater energy efficiency and to energy and the environment. They welcomed the significant progress which the IEA has made in providing more information and better understanding about energy developments in non-Member countries (including a more comprehensive statistical data base), and the contacts and activities which have been undertaken to share information and to participate in other efforts with a number of non-Member countries and other international organisations. Ministers therefore agreed that available information should continue to be improved and analysed in greater depth in order to identify and assess what practical steps might be undertaken, and that appropriate contacts with non-Member countries on such subjects as energy data, energy demand and efficiency and energy and the environment, should continue to be established and maintained, as Ministers have agreed previously, for those purposes and to help keep non-Member countries informed as to the content and purposes of the IEA and its policies.

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49. Extension of Strategic Petroleum Reserve Authorization

Statement by President Bush, June 30, 1989[8]

S. 694,[9] which I signed into law today, extends until April 1, 1990, the authorization for the Nation's Strategic Petroleum Reserve (SPR). The bill slso requires the Secretary of Energy to study alternative financing arrangements for expanding the SPR to a level of one billion barrels.

Although I would have preferred a simple 5-year extension of the SPR authority, I believe that this bill represents an acceptable compromise. It provides for the uninterrupted operation of the SPR, which is important to our Nation's energy security. It also allows sufficient time for the administration to complete an interagency study of the SPR's size. A study of both the SPR size and alternative financing arrangements is necessary if we are to make an informed decision on the Strategic Petroleum Reserve.

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50. U.S. Natural Gas Decontrol and National Energy Security

Statement by President Bush, July 26, 1989 (Extracts)[10]

. . . .

Natural gas, methane, is one of the best fuels on the world's energy menu. It's clean. It's efficient, relatively abundant. But for 35 years, consumers and producers of natural gas have struggled under the burden of oppressive price regulations, and this was directly responsible, in my view, for the damaging natural gas shortages of the seventies and for gas market distortions that exist to this very day.

And it is instructive to look at what natural gas price controls brought us: shortages, not increased supplies; higher gas prices, not the lower consumer prices that their supporters promised. And what was true for oil deregulation in 1981 is also true for gas deregulation in 1989. Experience shows that deregulation works to serve consumers and to serve an expanding economy. And it's a tribute to the American political system that, after decades of disagreement over the merits of gas decontrol, we can gather here today to state a clear message for all to hear: We've learned from the past; we are united in the conviction that the best way to deal with our energy problems and serve the American people is to let our market economy work.

And so, today's legislation represents the bipartisan attainment of the administration's first major energy initiative: the elimination of an entire system of artificial price controls for one of America's cleanest energy resources. And this measure reflects a strong bipartisan belief that eliminating price controls will help this nation take full advantage of our plentiful domestic resources.

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[8] Source: *Weekly Compilation of Presidential Documents*, July 10, 1989, p. 1016.

[9] Extension of Title I of the Energy Policy and Conservation Act, P.L. 101–46, approved June 30, 1989; 103 Stat. 132.

[10] Source: *Weekly Compilation of Presidential Documents*, July 31, 1989, pp. 1159–1161. The President spoke at 2:12 p.m. in the East Room at the White House before signing the Natural Gas Wellhead Decontrol Act of 1989.

Even at today's prices, it's estimated that the United States has natural gas reserves that will take us to the year 2025 and beyond. And industry—and I'm glad to see so many members of the industry here today, people that have been in the forefront for the battle of decontrol for many, many years—industry and the Department of Energy are responding to this opportunity with imagination seeking to tap new sources of clean-burning natural gas and then developing new uses, like powering cars and buses. With prices set by market forces and improvements in gas exploration production technologies, natural gas can help power this nation well into the next century.

And it may be said by some that this legislation could only have happened when energy prices are relatively low. Not true. Legislation like this, relying on market incentives to produce domestic energy, can help keep prices low. And it's the best way to assure consumers of adequate and reliable supplies of clean energy at the lowest reasonable price.

And this is not just economical legislation; it is also environmental legislation. Natural gas burns much more cleanly than other fossil fuels and produces little air or water pollution, and it can play a larger role in our efforts to clean up our air and our water. The environmental opportunities can be global. When a free market for this fuel exists, we can foresee America and the world using more of it. America and her allies must work together now to expand the infrastructure for this fuel. And on this continent, across the Atlantic, across the Pacific, these are opportunities for cooperation that can be helped by a freer market. Where we can add diversity and flexibility, economy and security to the world's energy picture, we ought to do it. And natural gas is an important element.

But despite today's good news, this is no time for complacency. Our energy security problem continues. Conservation achievements are leveling off, domestic oil production continuing its downward trend, and petroleum imports are increasing. And our need for a cleaner environment is obvious to all. And so, today I want to make this announcement which, like the deregulation of natural gas, is good news for America's energy future. I'm directing Jim Watkins our able Secretary of Energy, to take the lead in developing a comprehensive, national energy strategy. We cannot and will not wait for the next energy crisis to force us to respond. And so, I've asked Jim to craft this strategy in close consultation with the Cabinet, leading Members of the United States Congress, and then with our cities and our States. Our task—our bipartisan task—is to build the national consensus necessary to support this strategy and to make this strategy a living and dynamic document, responsive to new knowledge and new ideas and to global, environmental, and international changes.

. . . .

One important step towards protecting America from foreign energy supply interruptions is to provide more incentives for drilling right here at home. And though it is unlikely that Congress will, or maybe even can, act on that this year, I will continue to work to put more incentive into the Tax Code for domestic wildcat drilling. The bottom line is: A strong domestic drilling and producing business is essential to the national security of the United States of America. And I am confident that America's can-do attitude and scientific know-how and old-fashioned plain common sense will prevail. By acting now, we can bequeath a legacy to the next century of a cleaner, more prosperous and, yes, more secure America. Today's legislation is a good start down that path. Domestically, natural gas can now reach its fullest potential as an economic, clean, and convenient energy source.

And so, I congratulate all the Members of the United States Congress who have worked so hard and, in some cases, so long to bring this legislation to this desk. [*Laughter*] And with that, it is with great pride that I now sign the Natural Gas Wellhead Decontrol Act[11] into law.

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[11] P.L. 101–60, approved July 26, 1989; 103 Stat. 157.

51. Technology and Efficiency as Part of the U.S. Energy Strategy

Statement by President Bush, December 11, 1989[12]

I have today signed S. 488, the "Renewable Energy and Energy Efficiency Technology Competitiveness Act of 1989."[13] This legislation is intended to enhance the commercialization and improve the competitiveness of energy efficiency and renewable energy technologies.

Renewable energy and energy efficiency will play an important role in our Nation's energy strategy particularly with regard to current concerns about global climatic change. The development of renewable energy resources and improvements in energy efficiency will provide many benefits to the United States, including a diversification of our fuel and technology mix and increased use of less polluting energy resources. The support the Act gives to research and development programs in these technologies is expected to bring closer the day when we have energy alternatives that meet the energy demands of a growing economy with minimal impact on the environment.

This Act, however, needs clarification. Specifically, section 6(b)(3) of the Act requires the Secretary of Energy to appoint an Advisory Committee made up of representatives from various government and private entities. I have signed S. 488 with the understanding that the Advisory Committee's functions are purely advisory and that its recommendations in no way constrain the Secretary of Energy in the performance of his statutory duties. Thus, for example, I understand section 6(d), which permits the Secretary of Energy to take certain actions "based on the recommendations" of the Committee, simply to contemplate that the Secretary should take account of any recommendations provided.

Consistent with the Congress' purpose in enacting S. 488 and my constitutional prerogative to recommend only such legislation as I judge necessary and expedient, I read section 6(e)(1) as calling for a good faith effort to identify additional joint ventures worthy of support. Similarly, I will read section 4(a)(4) and 4(c) in a manner that does not interfere with my duty to recommend such measures as I deem appropriate.

D. Foreign Assistance and Development Policy

52. U.S. Foreign Assistance Priorities

Statement by Secretary of State Baker, February 21, 1989 (Extracts)[1]

Thank you very much, Mr. Chairman. I am pleased to appear before you to discuss the main lines of our foreign policy and to discuss our fiscal year 1990 budget request in support of that policy.

In my confirmation hearing,[2] Mr. Chairman, I mentioned five major transformations that I think are underway in world politics: the democratic revolution, the spread of free enterprise, major changes taking place in the Communist world, rapid changes in technology, and changing strategic military relationships.

There are trends to be found I think in each of these transitions which are favorable to the interests of the United States. But I think at the same time that there can be no reason, Mr. Chairman, for complacency. Every one of these transformations holds within it a contrary trend that could set us back.

How should we approach this rapidly changing world? As a conservative and a realist, I believe our policy must always be guided by the basic American principles: freedom, democracy, equal rights, fair play, and of course respect for human dignity. And I am convinced, Mr. Chairman, that we can advance these values if we are resolved on two issues.

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[12] Source: *Weekly Compilation of Presidential Documents*, December 18, 1989, p. 1940.

[13] P.L. 101-218, approved December 11, 1989; see 103 Stat. 1859.

[1] Source: *Foreign Assistance Legislation for Fiscal Years 1990–91: Hearings Before the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 1, pp. 2–3, 7–10. Chairman of the Committee, Dante B. Fascell, presided over the session.

[2] See Document 1.

The first of those is the need for American leadership, as I mentioned at our informal breakfast this morning. We can be a force for freedom and peaceful change unlike any other in this world. But if we fail to do so, we will not be able to run or to hide from the consequences.

And the second, both of you, Mr. Chairman, you and Mr. Broomfield, have spoken to this morning, is that the executive and the legislative must approach foreign policy in the spirit of bipartisanship.

In the course of my confirmation hearings, I said that trust, consultation and consistency were essential to bipartisanship. Surely, the critical outcome of that process is a decision to go forward, not only with united purpose but also with sufficient resources. To put it plainly, we must put our money where our mouths are.

That is the context in which we should discuss the international affairs funding request. Over the past several years, we have all come to recognize two facts. First, discretionary budget authority for international affairs has actually declined from a high of $26.3 billion in 1985 to about $18.3 billion in 1989. As a percentage of GNP, economic assistance outlays during 1989 will be at an all-time low, less than three-tenths of one percent of our GNP.

Second, the existing efforts are hampered increasingly by reporting requirements, by earmarks and by restrictions. So at the very time when we all agree on the importance of American leadership, when we all agree that we face a rapidly changing world, we need to reverse this trend toward less flexibility in the management of foreign assistance.

With this in mind, I welcome the report of the committee's Task Force on Foreign Assistance. [3] I am sure that the committee will understand that we have not yet fully reviewed all of the report's recommendations, but on the whole we think that it is a very good piece of work. We do need a change in the system to make it more flexible—accountable—but above all, Mr. Chairman, to make it more effective. We look forward to working with the Congress in shaping legislation that best serves our vital national interests.

. . . .

I would like to turn now, Mr. Chairman, and give you the highlights of our funding request for fiscal 1990. I would only caution that pending the completion of the NSC review of foreign policy and national security challenges, individual account adjustments may be recommended. However, in the aggregate, the budget levels will remain the same.

For budget function 150, the international affairs account, we are asking $19.3 billion in discretionary spending authority, with the levels of the Export-Import Bank to be determined as negotiations with the Congress on the freeze category proceed. This $19.3 billion is an increase of $1.7 billion or 10 percent over what Congress appropriated in fiscal 1989. But in real terms, it is less than what we received in fiscal 1985, 1986, and 1987.

International affairs spending takes less than 2 percent of the total Federal budget. So in submitting these figures, if I may understate the case, we do not feel that we are imposing an unreasonable burden on the resources of the American people. Quite the contrary. We are asking for an investment to secure our vital national interests and a peaceful future.

Our request has two major components. First, our aid program which includes both bilateral and multilateral foreign assistance. The $14.6 billion in discretionary funds we are seeking under this heading help our friends and allies. But first and foremost, they serve America's own interests abroad.

Of that amount, that $14.6 billion, $5.3 billion or 36 percent will be provided to Israel and Egypt to sustain our commitment to the security of those two countries. $1.8 billion or 12 percent will be provided to four countries in which the United States enjoys base rights, Portugal, Greece, Turkey, and the Philippines, in fulfillment of best efforts and pledges that we made when our base rights agreements were negotiated.

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[3] Reference is to *Report of the Task Force on Foreign Assistance to the Committee on Foreign Affairs, U.S. House of Representatives, February 1989* (Washington, 1989). The Task Force, organized in January 1988 by House Foreign Affairs Committee Chairman Fascell and ranking Republican William Broomfield and including many members of the committee, reviewed U.S. foreign aid programs, emphasizing the

economic support fund and bilateral development and military assistance.

The $1.1 billion or 7 percent will fund programs of key regional friends in the Middle East, Africa and East Asia, Pakistan, Thailand, Kenya, Somalia, Tunisia, Jordan, Oman, and Morocco, some of whom now provide, or are pledged to provide when needed, access to strategic base facilities to United States forces.

Just over $900 million or 6 percent will support our efforts to foster peace, democracy and development in Central America.

Just over $150 million will be provided in economic and military aid to the four Andean democracies, Colombia, Ecuador, Peru and Bolivia, whose social fabric and democratic institutions are threatened by the growing power of narcotics traffickers.

An additional $800 million would provide humanitarian and developmental aid to countries in sub-Saharan Africa, which were not mentioned earlier, and fund small-scale but critical military aid programs in the region.

And $900 million, representing 6 percent of the total foreign assistance request, would support other bilateral programs in the Caribbean, South and East Asia, and around the globe.

Our foreign assistance funding request also includes $1.6 billion for the multilateral development banks, covering U.S. contributions to the World Bank and its affiliates and the regional development banks. This amount would honor current U.S. commitments to these institutions of about $1.3 billion and clear some $314 million in arrears.

The remainder of our request, some $2 billion or 14 percent of the total, provides funding for the Peace Corps, for voluntary contributions to such international organizations as the United Nations Development Program and UNICEF, and for such items as AID operating expenses, refugee assistance programs, and international narcotics control.

We expect to transmit to the Congress shortly, Mr. Chairman, the administration's proposed foreign assistance authorization bill as well as the State Department authorization bill for fiscal 1990. In addition to authorizing funding levels, the foreign assistance bill will propose some substantive changes in the legislation governing our assistance programs, including some initiatives to allow scarce security assistance dollars to be stretched further than presently allowed by current law.

I would also note that, as in previous years, we are seeking in our budget request to maintain the relative proportion of 65 percent economic assistance to 35 percent military aid.

On the security side, I would like to note the following changes. For fiscal 1990, our total request for discretionary security assistance funding, that is MAP, FMS, ESF, IMET, and antiterrorism assistance and peacekeeping operations, is $8.5 billion. That compares with $8.1 billion appropriated by the Congress for fiscal 1988 and again for fiscal 1989.

Despite this increase, the security assistance total is less than the level appropriated in fiscal 1987. The cuts from the levels provided in fiscal 1985 and 1986 are even deeper.

For the first time, we are not seeking an allocation of MAP funds for specific country programs. Instead, we are combining the MAP and FMS programs and requesting that the total, which is approximately $5 billion, be provided in the form of FMS grants.

Use of FMS in lieu of MAP will enable countries capable of doing so to apply defense assistance to commercial purchases. The all-grant program initiative is part of our effort to strengthen new and fragile democracies and ease the financial burden of countries whose economic health is vital to our own.

The second part of our overall request finances the operations of the Department of State, USIA, the Board of International Broadcasting, and other smaller foreign affairs agencies. We are seeking $4.6 billion for these purposes, Mr. Chairman.

Out of this sum, we will also pay our assessed contributions to the United Nations and other international organizations, some $715 million; peacekeeping activities, $111 million; and United States participation in multilateral international conferences, $6 million. We must pay what we owe to these institutions if we are to play our full role in these institutions.

Congressional approval of the full amount requested would enable us to pay $46 million of prior year arrearages. These funds would be directed toward special activities that are mutually agreed upon by the United States and the respective international organizations. Payment would be conditioned upon such arrangements.

Let me conclude, Mr. Chairman, by returning to one of my earlier themes on the need for change, a need which is also emphasized by the Task Force on Foreign Assistance. It is clear to me that we will need new legislation so that the executive branch will have the latitude to manage effectively the limited resources at our disposal.

I agree with the Task Force's conclusion and I quote, "The current 500 pages of foreign legislation, developed over the past 28 years, are strewn with obsolete, ambiguous and contradictory policies, restrictions and conditions."

One example will suffice of how the current systems deprive us of the flexibility to respond intelligently to events. In fiscal 1989, for example, Congress cut our combined MAP, ESF, and FMS request by $210 million or 4 percent. But because most of the funds in these accounts were earmarked for specific country programs at or above the levels we requested, we had to cut security assistance programs in such countries as Jordan, Indonesia, Thailand, Botswana, Zaire, Belize and the Dominican Republic by between 44 and 96 percent. Additionally, legislation forced us to cut assistance to Turkey, an important NATO ally, by a whopping $60 million.

If we are given the needed flexibility, then the levels in our fiscal 1990 budget request will enable us to fund on a modest scale these and other programs we have had to curtail sharply in recent years. In my view, Mr. Chairman, this is essential. No foreign policy, however intelligent, can be meaningful without the resources to do the job. That is what we are asking for here today. Thank you, Mr. Chairman.

53. A New Look at U.S. Foreign Assistance

Statement by the Administrator of the Agency for International Development (Woods), February 22, 1989[4]

Mr. Chairman and members of the Committee, it is a pleasure to appear before you today to discuss the future of the U.S. foreign assistance program and to present the budget request for the Agency for International Development for the coming year.

The time is right for the United States to take a fresh look at our foreign assistance program. We have a new administration. Yet, in terms of the foreign assistance program, I can assure you that the policies and priorities of the Bush administration will be consistent with those that were pursued during the past 8 years. We will continue to promote strategies and programs which emphasize sustainable, broadly based economic growth in developing countries.

Second, we are witnessing an exciting period of economic policy ferment in all corners of the developing world. Earlier this week, I released a new report entitled, "Development in the National Interest: The U.S. Economic Assistance Into the 21st Century."[5] It documents the sea change that is occurring in some developing countries where policymakers are abandoning failed experiments in state-run economic systems in favor of private-sector, market-led approaches to growth and development.

My purpose in preparing such a report was to take a hard look at the origins, evolution, successes and, indeed, the failures of global development. The fact is that while we have made important progress in many areas, infant mortality and food production would be two examples, we have not made much progress in eliminating poverty.

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[4] Source: *Foreign Assistance Legislation for Fiscal Years 1990–1991*, Part 1, pp. 87–89. Woods delivered his informal statement before the House Foreign Affairs Committee. Dante B. Fascell, chairman of the committee, presided over the session

[5] *Development in the National Interest: U.S. Economic Assistance Into the 21st Century, A Report by the Administrator, Agency for International Development*, February 17, 1989 (Washington, 1989).

What is more, the current Foreign Assistance Act[6] is not helping us eliminate poverty. It is like a house that has been painted a different color with each new owner. U.S. foreign assistance policy has been adjusted and changed with each new administration and Congress. And the Foreign Assistance Act now stretches to 240 pages and contains so many detailed budgetary and programmatic directives that from an operational point of view, it translates almost into a traffic grid lock.

I believe we are at a crossroads. We can try to make do with current approaches that are demonstrably obsolete or we can take advantage of the unique opportunity to redefine foreign assistance programs looking forward to the 21st century.

I believe the Committee understands those issues. The efforts that have recently been made by the Committee's Task Force on Foreign Assistance to reexamine the Foreign Assistance Act have, to me, been inspiring. The report recently issued is balanced, openminded and a good assessment of the current Act and its shortcomings.

In welcoming recommendations that would increase our flexibility, as you might expect I would, I recognize that we will have to play our part, too, to uphold the trust and confidence implied by those changes. Flexibility on one end means programmatic accountability on the other.

The central conclusion that I have reached as a result of reading the Task Force report and completing my own study of foreign assistance is that if we are to be of real assistance to developing nations, we need to wipe the legislative slate clean and put in place new legislation that will help us do that job.

In presenting the first budget to bear the label of the decade of the 1990s, the last decade of this millennium, I feel a special responsibility to return to basics. We have a crucial decade ahead of us. What we must establish is effectiveness on the ground in developing countries.

We pass budgets here in Washington, but the reality we want to change is the 77 countries we assist.

As I look to the task before us, I see three key areas that require our attention: growth—putting to work what we know about getting economies moving and generating the kind of broad-based growth that translates into higher family incomes and better standards of living; sustainability—making sure that U.S. assistance is an investment with a long-term return for the target population and not merely a one-time transaction; and implementation—staying the course when it comes to policy reform or specific assistance projects to make sure that they yield results.

If we are to address the emerging challenges, the right level and mix of resources will be required. Without an adequate level and mix of resources, opportunities will be missed.

Monetary resources are not enough. Human resources are equally important and the presence of on-the-ground, experienced teams of development professionals is essential. You have our Congressional Presentation for fiscal year 1990. I would like to thank the Committee for its actions this morning regarding recommendations to the Budget Committee on the 150 account.

The administration, as you know, is requesting an authorization and appropriation of approximately $5.9 billion for the fiscal year 1990 bilateral economic assistance programs. Our request encompasses both development assistance and the Economic Support Fund.

While this request is a nominal increase of some 2 percent in development assistance and 3 percent in ESF, it represents a continued decline in real terms.

I will not go into all the details of our request here. I do, however, want to point out the most notable feature of our budget request is its consistency with previous year requests and appropriations. Only slight changes are sought in account levels and in the overall balance of our program.

Nevertheless, I am convinced, like many of you, that various features have to change. We cannot in this period of great change remain tied to what I believe are outmoded operating procedures. We cannot continue to operate under the static ways imposed upon us by the traditional functional accounts structure. When these top-down directives are compounded by earmarking, I find it close to impossible to support my managers in carrying out their jobs.

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[6] Reference is to the Foreign Assistance Act of 1961, as amended, P.L. 87-195, approved September 4, 1961, 75 Stat. 424; 22 USC 2151.

Although the Development Fund for Africa is new, I believe it has already shown that with increased flexibility in programming our funds, we can be more responsive to new opportunities in developing countries and more effective at administering assistance.

Finally, let me note that part of our budget request for this coming fiscal year—operating expenses—is greater than in the past. The need for this increase arises for four reasons.

First, AID is an agency which is under a great deal of stress, not only because of where we work and what we do, which is by and in itself a high risk business, but also because we are properly held to a very high standard of accountability by the Congress. Accountability entails a lot of work.

Second, our request contains funding to restore our on-board strength to authorized levels. Last year, I imposed a partial hiring freeze so that we could adequately support the personnel we have on board. Now, we need to bring those levels up to insure that the program continues to be properly administered. Our request will allow us to do that.

Third, and this has a great importance in dollar terms, we must fund changes in the Foreign Affairs Administrative System mandated by Congress.

Fourth, we have to build into our budget the impact of the January pay raise and the continuing cost increases associated with the new Federal retirement system.

I believe our budget request represents a tight, focused, coherent program that will enable us to pursue economically sound and sustainable development goals. I hope that you will join me in responding to the exciting challenges before the American foreign assistance program.

Mr. Chairman, I will be happy to take any questions that you or others may have.

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54. Need for Greater Operational Efficiency

Statement by the Administrator of the Agency for International Development (Woods), March 2, 1989[7]

It is a pleasure to appear before you today to discuss our fiscal year 1990 foreign assistance budget request.

You have the details of our fiscal year 1990 budget request. I will be happy to respond to your questions on the specifics of our request. But before turning to your questions, I would like to note three items which are of central importance to me and to the future of our AID program.

First comes management and accountability. We are properly held to a very high standard of accountability by the Congress, and accountability entails a lot of work. Program accountability means shifting our emphasis to implementation and evaluation. Progress has been made but there is still room for improvement. Financial accountability means providing reasonable assurances that our assistance is not being misused. You expect as much and so do I. Shortages of direct-hire staff have impeded our ability to achieve the level of accountability we both desire.

With the additional OE resources we are requesting, I hope to begin to address the manpower problem. We must get people out to the field and fill critical vacancies in Washington. The emphasis, as we strengthen our staff, will be on improving our accountability.

Other reasons for our requested increase in operating expenses will include: the congressionally mandated changes in the Foreign Affairs Administrative System, accounting for fully one-third of the requested increase in OE, and the January pay raise and the continuing costs associated with the new Federal retirement systems. These cost increases are beyond our control.

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[7] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 100–101. David R. Obey, Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, presided over the session.

Second, our quest for a better managed program has significant implications for the manner in which we use and program Development Assistance resources. Thanks in large part to the leadership and encouragement of this subcommittee, the Development Fund for Africa is taking off. While only 2 years old, the DFA is proving to be a more workable approach. We are using the DFA to concentrate our resources on fewer countries with greater potential for addressing the problems they face: countries that are committed to economic growth, rising family incomes and the elimination of poverty.

We are looking at the possibility of expanding the DFA concept to other geographic regions. All of our programs should be sharply focused, and they should integrate project and nonproject assistance in a more coherent way.

Third, our request contains a new account to provide funds in support of newly emerging democracies, those that are undertaking difficult economic adjustment programs.

The $200 million requested in fiscal year 1990 is for the Multilateral Assistance Initiative—MAI—for the Philippines. These funds will enable us to: one, affirm our commitment to President Aquino and her new government; two, strengthen the Philippine reform process by encouraging private sector growth, improving the government's ability to utilize donor assistance more efficiently, rehabilitating basic infrastructure and improving the delivery of social services; three, stretch our limited development assistance dollars by combining our resources with substantial flows from other bilateral, multilateral and private sector sources.

Our objective is to accelerate the pace of reform which President Aquino has already begun. This program will also reaffirm our strong commitment to the development goals of one of our key allies in the Pacific Region.

I believe that the budget we are requesting for fiscal year 1990 will provide the funds that are necessary to achieve our foreign policy objectives and our economic development goals.

Mr. Chairman, I will be happy to take your questions.

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55. Implementation of Forward-Looking Strategies for the Advancement of Women

Statement by the Representative to the U.N. Commission on the Status of Women (McLennan) Before the Third Committee, October 31, 1989[8]

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The Nairobi Forward-Looking Strategies and the Priority Themes for 1990 have an underlying message.[9] Before women can achieve equality, development and peace, society must have choices available; *and* women must have equal power to make those choices. Women must have the legal right and the opportunity to participate in politics and in other decisionmaking roles; and they must be aware of those rights in order to claim them.

In 1920, the nineteenth amendment to the Constitution of the United States gave women the right to vote. Although this amendment did not end discrimination against women, it did provide us with a voice. The more women who hold public office, the more responsive our political institutions will be to the necessary reforms that encourage equality of the sexes.

In our Federal government, women hold 2 seats in the Senate, and 27 in the House of Representatives. In our State governments, women hold almost 16 percent of all seats, a figure that is four times greater than it was 20 years ago. And, women hold 12 percent of Statewide elective offices. Although we have come a long way since the nineteenth amendment was passed, we must not be content with our progress. We must continue to make inroads in achieving equality in political participation and decisionmaking.

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[8] Source: U.S. Mission to the United Nations Press Release USUN 124-(89), October 31, 1989.

[9] For text of the Forward-Looking Strategies, see *Report of the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development and Peace*, Nairobi, July 15–26, 1985; U.N. doc. A/CONF.116/28/Rev. 1. For documentation on the World Conference, see *American Foreign Policy: Current Documents, 1985*, pp. 226–238.

While political rights are a necessary step in ensuring equal participation of women, they are not enough. No matter what stage of development a country is in, education is the key factor in every economic and social activity. Better education leads to better opportunities. Two-thirds of the illiterate persons in the world are women. In 1985, there were 500 million women who were unable to read or write. Only with education can we break the cycle of women's exclusion from being equal partners and beneficiaries of all that is due them. All women must be literate in order for them to have the ability to access information that will help them and their families.

Throughout the world, women run 70 percent of all microenterprises. Women perform 60 percent of food production, processing, and marketing. Women's access to credit, to capital, and their right to own private property are tools to ensuring their partnership in the fruits of economic development. In many countries, women play an important role in commerce.[10] However, there is much more that must be done. Economic development begins with a set of motivations that are concretely expressed in the right to own property and the ability of individuals to enjov the fruits of their labor regardless of their gender. Government has a legitimate role to play in fostering the economic development of women by protecting their economic, political, and social rights.

In addressing the issues of the negative effects of the economic situation on the status of women, we cannot fail to overlook several reasons, including low literacy, high population growth, and the lack of judicial systems and economic infrastructures which have a bias against the equality of all individuals. Additionally, noneconomic problems such as drought, flood, war, and political turmoil contribute to slow economic growth. Finally, inappropriate domestic economic policies also exacerbate these problems. All of these circumstances tend to counteract the beneficial effects of economic reform.

In the United States, our Agency for International Development (AID) has been a pioneer in recognizing the role of women in development. Since 1974, AID has had an office to coordinate the integration of women in development. Its policy is predicated on the belief that this is an issue not solely of equity, but of overriding economic efficiency. Development which does not benefit all sectors of society is failed development. This policy governs all our development assistance programs.

AID has recognized the important contributions women entrepreneurs can make to economic growth, when they have access to the resources to do so. It has identified women-owned and -operated enterprises as an important group that should be given access to at least 50 percent of the microenterprise assistance resources in credit, technical support, and training.

Likewise, the United States is committed to the integration of women in the economic development process. In 1988, my government passed into law the Women's Business Ownership Act[11] which authorized the establishment of long-term training and counseling centers for women business owners. Thirty percent of small businesses in the United States are owned by women, 46 percent of the American workforce is women; and women are opening small businesses at one and one-half times the rate of men.

As we have said on many occasions, the United States believes that women's issues deserve a high priority within the entire United Nations system. The problems associated with the development process should have the highest priority. Most of the world's women live in developing countries. While women in all countries, including mine, face numerous problems particular to their gender, as a rule, those confronting women in developing countries are often a matter of life and death. The problems of women in developed countries should not be ignored, but, in an era of scarce United Nations resources, the CSW should concentrate on the most serious and pressing problems facing the largest number of women and address those problems in a meaningful way.

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[10] See *Making the Case for the Gender Variable: Women and the Wealth and Well-Being of Nations*, by Rae Lesser Blumberg, edited by Mari H. Clark (Office of Women in Development, U.S. Agency for International Development, October 1989).

[11] P.L. 100-533, approved October 25, 1988; 102 Stat. 2689.

The impact to the global economic situation has common manifestations. While addressing regional and national concerns we must not lose sight of the global commonality of issues facing women such as the increasing number of women in poverty, and the ever-increasing number of households headed solely by women.

As women comprise over half of the world's population and perform two-thirds of the world's work, my government believes that it is essential to include women's issues in the discussion of economic development throughout the United Nations system. My government is pleased with the resolutions designed to ensure the integration of the Forward-Looking Strategies into the planning, programming, and budgetary systems of the United Nations. We need to continue to focus on better coordination of the Forward-Looking Strategies throughout the intergovernmental agencies of the United Nations system, by using biennial monitoring reports and a record of intergovernmental resolutions and decisions.

My delegation commends the work of the Advisory Committee on Coordination and feels it is of utmost importance to ensure that the organizations of the United Nations system continue to fully implement the Nairobi Forward-Looking Strategies and the System-Wide Medium-Term Plan for Women and Development.[12]

My government applauds the efforts of UNDP toward the improvement of the status of women by including Women-in-Development modules in regularly scheduled exercises of their training division.

We are pleased with the efforts of UNIFEM in identifying and supporting innovative and experimental development projects for women and ensuring that women are considered in all phases of development projects, both as participants and beneficiaries. We commend the work of the new director in her efforts to focus on constructive activities and sound fiscal management.

My government was pleased with the steps taken by UNIDO to increase the number of women employees, as reported in document IDB.5/26. We urge the United Nations Secretariat to actively pursue similar measures in its attempt to recruit, hire, and promote more women.

The United States encourages the Secretary-General to continue his efforts to increase the number of women in the Secretariat, particularly in senior policy-level and decisionmaking posts, with a view to achieving an overall participation rate of 30 percent or better. We would like to see a progress report from the Secretariat on the status of achieving this goal.

We urge the United Nations system to continue to contribute actively to the work of both the Economic and Social Council and the Second Committee relating to the integration of women in economic development.

The review and appraisal of the Forward-Looking Strategies is of paramount importance. Through this exercise we will be able to identify the progress, the omissions, and the constraints to achieving the goals of the Nairobi World Conference in 1985. At that conference, all member countries pledged to work towards full equality for women by the year 2000. We now need to assess the commitment of the world toward this critical goal.

The United States did not agree with the manner in which the Commission on the Status of Women was expanded. My delegation would like to put this divisive episode behind us. However, we do not consider the manner in which CSW was expanded as a precedent-setting example for other United Nations bodies.

All concerned delegations must go to Vienna prepared to encounter head-on those problems that denigrate the lives of women. We should set aside issues that divide us. We can argue our countries' political views in other forums. We must let the Commission on the Status of Women concentrate on the fundamental needs of women.

Mr. Chairman, my delegation encourages the CSW to focus its attention on practical solutions to problems facing women. Solving the problems of drug abuse and its impact on women and their families, female illiteracy, inadequate health care, violence against women, and women's limited access to economic markets are all necessary in order to achieve women's full participation in the political and economic life and the development of our respective countries.

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[12] U.N. General Assembly Resolution 43/101, December 8, 1988, provided guidance to governments, U.N. organizations, intergovernmental organizations, and nongovernmental organizations on measures to implement the Forward-Looking Strategies, and requested the Secretary-General to report on these national measures to the General Assembly's 44th session. (U.N. doc. A/44/511, October 12, 1989)

At the CSW, there should be a constant dialog between developed and developing countries. We must cooperate with and learn from each other, and we should share our experiences in order to find solutions to the problems of rural and urban women, and women in the developing as well as the developed nations.

The resolutions we introduce should be simple, straight-forward, clear statements. They should provide meaningful recommendations to our governments and the United Nations system for improving the status of women.

All of us—East, West, North, South—must make a concerted effort to focus on issues of pressing concern to the majority of the world's women. We have a great opportunity to put aside political differences that divide us and to work together to benefit women of every country. I feel confident that we are up to the challenge and that we will seize this opportunity to continue our progress in improving the status of women throughout the world. Thank you, Mr. Chairman.

E. International Economic Summit Conference

56. Context of the Economic Summit

Statement by the Secretary of the Treasury (Brady), July 6, 1989[1]

I have a brief opening statement. This year's summit will take place in the context of a favorable economic situation in the G–7 countries. We are well into our seventh consecutive year of expansion, with growth expected to continue at a sustainable pace at least through 1990.

While inflation concerns in some countries increased somewhat earlier this year, underlying developments and recent data suggest that for most G–7 countries inflation should remain modest and contained. Furthermore, exchange rate adjustments since 1985, coupled with stronger domestic demand growth abroad have contributed to a substantial reduction in our trade and current account deficits.

The record of these successes reflects in part the contribution made by the international policy coordination process that has been evolving since 1985. The process has produced within the largest industrial countries a means of identifying macroeconomic objectives and a commitment to a cooperative approach to achieving them.

Our joint achievements have been impressive. Progress has been made in reducing large external imbalances, but further progress is required.

In a related subject, currency markets have been volatile this spring. The dollar is now at approximately the same level prevailing at the time of the G–7 ministerial meeting in April and our joint statement at that time still applies. Namely, a rise of the dollar which undermines adjustment efforts or an excess of decline would be counterproductive. We will continue as necessary to cooperate closely on exchange markets with our G–7 counterparts.

We and the other G–7 members remain firmly committed to [the] economic policy coordination process from which we have all benefited, and we anticipate a strong reaffirmation of support at the summit from the heads of state.

The debt strategy will also be an important part of the Paris summit. The elements of the strengthened debt strategy have now been put into place. The IMF and the World Bank have agreed to provide substantive resources to support debt and debt service reduction. Debtor countries are shaping the kind of fundamental policy reforms necessary to achieve long-term economic improvement with new economic programs, having recently been approved by the IMF for Mexico, the Philippines, Costa Rica, and Venezuela. And serious negotiations between the banks and the debtors are underway. I believe we have laid a solid foundation for progress which will have the full support of the heads of state at the summit.

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[1] Source: White House Press Release, July 6, 1989, Office of the Press Secretary to the President. Secretary Brady made the statement at the outset of a press briefing which began at 10 a.m. in the Briefing Room of the White House.

Considerable attention is being given to the discussions now underway between Mexico and its commercial creditors. Both parties have put forward proposals that incorporate all of the elements of the strength in debt strategy and are now working together to reach an agreement. By doing so, the banks have embraced voluntary debt reduction, an unprecedented step. The question is no longer whether we will have debt reduction, but at what price and when. We would like to have a final agreement soon, and I have strongly urged the banks and the Government of Mexico to press forward. But it is more important to reach a sound agreement than it is to worry about meeting an artificial deadline.

The summit leaders will also review the situation of the poor sub-Saharan African countries. There are encouraging signs of progress in this region, particularly in those countries pursuing economic reforms. To support these efforts we're examining existing legislation which permits the President to forgive certain official debts owed by African countries with World Bank or IMF-approved programs. A final decision on this will, of course, rest with the President.

The summit will also focus on the need for structural reforms in the G–7 economies. There is a broad consensus that tax reform, deregulation, and subsidy cuts are needed to improve growth potential, job creation, and external adjustment. Trade issues will also be discussed by summit leaders, with the main focus on the Uruguay round.

It is particularly important for the summit to give strong emphasis to the need for progress in reducing trade distortions in agriculture and in other areas not previously covered by the GATT.

Finally, the summit will devote considerable attention to two other important issues—global environment problems and the drug crisis. On environment, as you know, the President is committed to a strong, comprehensive summit review of problems such as global warming, ocean dumping, and deforestation. We believe the Multilateral Development Bank should develop procedures under which they can play a more constructive role in addressing environmental issues in borrowing countries and we will push for summit endorsement of this view.

On drugs, we and others intend to highlight, among other things, the need for effective, joint, multilateral actions on the money laundering problem.

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57. Human Rights

Declaration Issued by the Summit Participants, Paris, July 15, 1989[2]

In 1789, the rights of man and of the citizen were solemnly proclaimed. Just over 40 years ago, the General Assembly of the United Nations adopted the Universal Declaration of Human Rights,[3] which have been further developed and codified and are now embodied in the Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights.

We reaffirm our commitment to freedom, democratic principles, and human rights. We reaffirm our belief in the rule of law which respects and protects without fear or favour the rights and liberties of every citizen, and provides the setting in which the human spirit can develop in freedom and diversity.

Human rights are a matter of legitimate international concern. We commit ourselves again to encouraging and promoting universal respect for human rights and fundamental freedoms.

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[2] Source: Department of State files; also printed in Department of State *Bulletin*, September 1989, p. 1. Participants at the Paris Economic Summit Conference, June 14–16, were host, President François Mitterrand of France, Prime Minister Brian Mulroney of Canada, Chancellor Helmut Kohl of the Federal Republic of Germany, Prime Minister Ciriaco De Mita of Italy, Prime Minister Sosuke Uno of Japan, Prime Minister Margaret Thatcher of the United Kingdom, President Jacques Delors (France) of the European Communities Commission, and President Bush.

[3] For text of the Declaration, Resolution 217A (III) of the U.N. General Assembly, approved December 10, 1948, see *Decade of American Foreign Policy: Basic Documents, 1941–1949*, pp. 564–567.

Looking toward the future, we see opportunities as well as threats; this impels us to pledge our firm commitment to uphold international standards of human rights and to confirm our willingness to reaffirm them and to develop them further.

We stress the protection of freedom of thought, conscience and religion, and of freedom of opinion and expression; for without these freedoms, other rights cannot be fully realised.

We stress also respect for the rule of law and the plurality of opinion, for without them there can be neither representative government nor democracy.

We believe equally in freedom of association in a pluralist society.

We hold that the right of each individual to physical integrity and dignity must be guaranteed. We abhor and condemn torture in all its forms.

We believe that all human beings must act toward each other in a spirit of fraternity.

We believe that everyone has a right to equality of opportunity as well as to own property, alone or in association with others. Extreme poverty and exclusion from society violate the dignity of everyone enduring them. Those who suffer or are in need should be supported.

We stress that the rights of the child, the disabled and the elderly require special protection.

We consider that developments in the human sciences, for instance the progress achieved in genetics and organ transplantation, must be applied in accordance with all human rights if the dignity of human beings is to be preserved.

We, the present generation, have an obligation to ensure that future generations will inherit a healthy environment.

We reaffirm our belief that these rights and freedoms cannot be properly safeguarded without the rule of law, impartial justice, and genuine democratic institutions.

Document 58

58. East-West Relations

Declaration Issued by the Summit Participants, Paris, July 15, 1989[4]

1. We, the leaders of our seven countries and the representatives of the European Community, reaffirm the universal and supreme importance which we attach to freedom, democracy, and the promotion of human rights.

2. We see signs of this same desire for greater freedom and democracy in the East. The people there, including the young people, are reasserting these values and calling for a pluralist democratic society. Some of their leaders are aware of the positive contribution that greater freedom and democracy can make to the modernisation of their countries and are starting to make changes to their laws, practices and institutions. Others are still endeavouring to resist this movement by taking repressive measures which we strongly condemn.

3. We hope that freedom will be broadened and democracy strengthened and that they will form the basis, after decades of military confrontation, ideological antagonism and mistrust, for increased dialogue and cooperation. We welcome the reforms underway and the prospects of lessening the division of Europe.

4. We call upon the Soviet Government to translate its new policies and pronouncements into further concrete action at home and abroad. Military imbalances favouring the Soviet Union, both in Europe and in Asia, remain an objective threat to each of us. Our Governments must therefore continue to be vigilant and maintain the strength of our countries. For the foreseeable future, there is no alternative for each of us, within existing alliances, to maintaining a strategy of deterrence based upon an appropriate mix of adequate and effective nuclear and conventional forces. In order to hasten the advent of a world in which the weight of arms and military strength is reduced, we recommit ourselves to the urgent pursuit of a global ban on chemical weapons, a conventional forces balance in Europe at the lowest possible level consistent with

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[4] Source: Department of State files; also printed in Department of State *Bulletin*, September 1989, p. 2.

our security requirements, and a substantial reduction in Soviet and American strategic nuclear arms.

5. We offer the countries of the East the opportunity to develop balanced economic cooperation on a sound commercial basis consistent with the security interests of each of our countries and with the general principles of international trade. We have noted developments of relations between the EEC and countries of the East, in particular the conclusion of an agreement with Hungary, the progress already achieved during the current discussions with Poland and the opening of negotiations with the Soviet Union.

6. We welcome the process of reform underway in Poland and Hungary. We recognize that the political changes taking place in these countries will be difficult to sustain without economic progress. Each of us is prepared to support this process and to consider, as appropriate and in a coordinated fashion, economic assistance aimed at transforming and opening their economies in a durable manner. We believe that each of us should direct our assistance to these countries so as to sustain the momentum of reform through inward investment, joint ventures, transfer of managerial skills, professional training, and other ventures which would help develop a more competitive economy.

Each of us is developing concrete initiatives designed to encourage economic reforms, to promote more competitive economies, and to provide new opportunities for trade.

We agreed to work along with other interested countries and multilateral institutions to concert support for the process of reform underway in Hungary and Poland, in order to make our measures of support more effective and mutually reinforcing. We will encourage further creative efforts by interested governments and the public and private sectors in support of the reform process.

Concerning concerted support for reform in Poland and Hungary, we call for a meeting with all interested countries which will take place in the next few weeks. We underline, for Poland, the urgent need for food in present circumstances.

To these ends, we ask the Commission of the European Communities to take the necessary initiatives in agreement with the other Member States of the Community, and to associate, besides the Summit participants, all interested countries.

7. We are in favour of an early conclusion of the negotiations between the IMF and Poland. The strengthened debt strategy is applicable to Poland, provided it meets the conditions. We are ready to support in the Paris Club the rescheduling of Polish debt expeditiously and in a flexible and forthcoming manner.

8. We see good opportunities for the countries of West and East to work together to find just solutions to conflicts around the world, to fight against under-development, to safeguard the resources and the environment and to build a freer and more open world.

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59. China

Declaration Issued by the Summit Participants, Paris, July 15, 1989[5]

We have already condemned the violent repression in China in defiance of human rights. We urge the Chinese authorities to cease action against those who have done no more than claim their legitimate rights to democracy and liberty.

This repression has led each of us to take appropriate measures to express our deep sense of condemnation to suspend bilateral Ministerial and high-level contacts, and also to suspend arms-trade with China, where it exists. Furthermore, each of us has agreed that, in view of current economic uncertainties, the examination of new loans by the World Bank be postponed. We have also decided to extend the stays of those Chinese students who so desire.

We look to the Chinese authorities to create conditions which will avoid their isolation and provide for a return to cooperation based upon the resumption of movement toward political and economic reform, and openness. We understand and share the grave concern felt by the people of Hong Kong following these events. We call on the Government of the People's Republic of China to do what is necessary to restore confidence in Hong Kong. We recognize that the continuing support of the international community will be an important element in the maintenance of confidence in Hong Kong.

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[5] Source: Department of State files; also printed in Department of State *Bulletin*, September 1989, p. 2.

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60. Terrorism

Declaration Issued by the Summit Participants, Paris, June 15, 1989[6]

1—We remain resolutely opposed to terrorism in all its forms. We confirm the commitment each of us has undertaken to the principle of making no concessions to terrorists or their sponsors and to cooperating, bilaterally and in all relevant international fora, in combatting terrorism. We reiterate our commitment to the policies agreed at previous summits; in particular we condemn state-sponsored terrorism. We are determined not to let terrorists remain unpunished, and to have them brought to justice within the framework of international law and in conformity with the rule of law. We call upon those states which have supported or encouraged terrorist acts to demonstrate by their actions that they have renounced such policies. We reaffirm in particular our absolute condemnation of the taking of hostages. We call on those holding hostages to release them immediately and unconditionally and on those with influence over hostage-takers to use it to this end.

2—Deeply concerned for the safety of all travellers and outraged by the murderous attacks perpetrated against international civil aviation and the frequent threat to air transport safety from terrorist groups, we reaffirm our commitment to the fight against all forms of terrorism affecting civil aviation. We reiterate our determination to contribute to reinforcing internationally agreed measures for protection against aircraft hijackings and sabotage.

3—We particularly condemn the recent attack on an aircraft over Scotland, which killed 270 people.[7] We have agreed to give priority to preventing such attacks by further strengthening security measures. We attach importance to the implementation of the work plan recently adopted by the ICAO Council for this purpose.[8]

4—We have also agreed on the need for improved methods of detecting explosives. We endorse efforts currently underway in ICAO to develop, as a matter of high priority, an appropriate international regime for the marking of plastic and sheet explosives for detection.

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61. Summary of Political Issues

Statement by Secretary of State Baker, Paris, July 15, 1989[9]

Before I get to the political declaration, let me simply cover for you the fact that at the morning plenary session, we spent, I suppose, most of the time on the political declaration, but we also covered economic policy coordination, structural reform, and trade. We then broke for lunch. In the afternoon plenary, we covered debt and narcotics in some detail.

With respect to the political declaration, I think it's a fitting occasion on the 200th anniversary of the Declaration of the

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[6] Source: Department of State files; also printed in Department of State *Bulletin*, September 1989, pp. 2–3.

[7] On December 21, 1988, an explosion in the forward hold of Pan American Flight 103 caused the airliner to crash in the town of Lockerbie, Scotland, resulting in the death of all 259 passengers and crew as well as 11 townspeople. See Documents 101, 108, and 110, and the press briefing by Department of State Spokesman Phyllis Oakley, December 22, 1988, *American Foreign Policy: Current Documents, 1988*, pp. 232–233.

[8] At the request of the United States and the United Kingdom, the Council of the U.N. International Civil Aviation Organization convened at the ministerial level in Montreal, Canada, February 16–17, to discuss ways to improve airport security in the wake of the Lockerbie disaster. In a February 16 resolution, the Council urged all Member States to intensify efforts to meet existing airport security standards and to institute additional luggage inspection procedures to reduce the opportunity for similar terrorist acts in the future. For text of the resolution, see ICAO News Release PIO 2/89.

[9] Source: Department of State *Bulletin*, September 1989, pp. 3–4. Secretary Baker made the statement at the outset of a press briefing.

Rights of Man and the Citizen that we recall the common heritage of Western values that unite those seven summit countries. As I said several days ago when I briefed, the President's NATO summit trip[10] first highlighted this theme, and that's been carried forward at this summit. He then carried that message, as you know, to Poland and Hungary, where homegrown reform efforts are turning their societies toward the Western heritage. So it's fitting, I think, that our first declaration—or the first topic covered in the political declaration—was human rights.

Our common purpose, of course, is to promote these rights, to secure the rule of law, to create opportunity, and to extend the reach of the fundamental freedoms of man. The declaration makes those points.

The East-West declaration, of the four, we probably spent most of our time on. That expresses our joint commitment to help advance the cause of freedom and economic liberty to others in Europe who have lived for far too long under the shadow of repression. Our seven nations will reach out to these countries and, in this declaration, we condemn those who resist the movement with further repression.

The declaration points out again, as did the President's presummit trip, that Poland and Hungary are in the vanguard of change. Recognizing that political reform has got to be supported by economic reform, the seven summit countries agreed to act in concert to support the opening in Poland and Hungary for both political and economic transformation.

Specifically, the East-West declaration commits each of us to developing concrete initiatives to promote the development of competitive market-oriented economics.

Secondly, the enterprise funds that the President announced in Poland and Hungary,[11] we think, provide an example of our effort to build viable private sectors in each of these two nations.

We agreed to tackle the problem of Poland's debt without delay, in the Paris Club without waiting for an IMF program. There's participation in the strengthened debt strategy.

We agreed to work together, along with other countries and multilateral institutions, to make our efforts mutually reinforcing and more effective in every way that we possibly can.

And fifth, and very, very importantly, I think, to move the process along without delay, we agreed to speedily convene a meeting, I think, within a matter of weeks to concert our support for Poland and Hungary, working—the summit countries that are members of the EC—alongside those members of the European Community.

The East-West declaration also acknowledges the new policies and the new pronouncements in the Soviet Union. We call for the Soviets to translate those announcements into concrete action. But because the military imbalances in Europe and Asia continue to favor the Soviets, we state the need to remain vigilant and to maintain our strategy of deterrence based upon a mix of adequate conventional and nuclear forces.

The third topic in the political declaration was China. The declaration on China endorses the program which the President led the way in establishing. If you take a look at that, you see that the seven explain their common response to the repression[12] that each of the seven countries has condemned, and we hold out our common interest in the creation by China of conditions that will avoid its isolation.

We also recognize the concern of the people of Hong Kong, and we look to the People's Republic for steps that could restore the confidence of the Hong Kong people.

The final subject in the political declaration has to do with terrorism. In this, we confirm our commitment to combat terrorism in all of its forms, including, of course, state-sponsored terrorism.

We take special note this year of the murderous attacks on air travelers and commit to prevent, to the extent that we can, a repetition of last year's tragedy over

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[10] Regarding the President's NATO summit trip, see Documents 120–124.

[11] See Documents 142 and 143, respectively.

[12] Reference is to the Chinese Army's violent suppression of prodemocracy demonstrations in Tiananmen Square, Beijing, on June 3.

Lockerbie. Specifically, we refer to seeking international regulations forcing the marking of plastic explosives so as to make them more easily detectable.

Let me say that, in summary, we're very pleased with these four declarations that, together, constitute the political declaration. They reflect our core values and those of our allies and friends. The democratic experiment was conceived in these values. We've sought to preserve, protect, and promote them, and we welcome the support of others who share them.

We had extensive discussions as well in foreign ministers' meetings of other foreign policy subjects and topics, which were covered in an oral presentation by Minister Dumas as the host Foreign Minister. We have not seen a transcript of that yet, so I may be able to answer some questions that you have about the other areas, but I'm not exactly sure of specifically what he said. This was the manner in which this was handled last year, and we agreed early on that this is the way we would handle regional conflicts this year.

I'd like to say simply that this is my ninth summit, and this has been, as far as I am concerned, the most harmonious and one of the most productive summits that I have attended. So much so, that I think we might be able to wrap it up a little early. But the French are the host country and, if we do that, they'll have the announcement to make.

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62. Economic Declaration

Declaration Issued by the Summit Participants, Paris, July 16, 1989[13]

1) We, the Heads of State or Government of seven major industrial nations and the President of the Commission of the European Communities, have met in Paris for the fifteenth annual Economic Summit. The Summit of the Arch initiates a new round of Summits to succeed those begun at Rambouillet in 1975 and at Versailles in 1982. The round beginning in 1982 has seen one of the longest periods of sustained growth since the Second World War. These Summits have permitted effective consultations and offered the opportunity to launch initiatives and to strengthen international cooperation.

2) This year's world economic situation presents three main challenges:

—The choice and the implementation of measures needed to maintain balanced and sustained growth, counter inflation, create jobs and promote social justice. These measures should also facilitate the adjustment of external imbalances, promote international trade and investment, and improve the economic situation of developing countries.

—The development and the further integration of developing countries into the world economy. Whilst there has been substantial progress in many developing countries, particularly those implementing sound economic policies, the debt burden and the persistence of poverty, often made worse by natural disasters affecting hundreds of millions of people, are problems of deep concern which we must continue to face in a spirit of solidarity.

—The urgent need to safeguard the environment for future generations. Scientific studies have revealed the existence of serious threats to our environment such as the depletion of the stratospheric ozone layer and excessive emissions of carbon dioxide and other greenhouse gases which could lead to future climate changes. Protecting the environment calls for a determined and concerted international response and for the early adoption, worldwide, of policies based on sustainable development.

INTERNATIONAL ECONOMIC SITUATION

3) Growth has been sustained by focusing policies on improving the efficiency and flexibility of our economies and by strengthening our cooperative efforts and the coordination process. In the medium term, the current buoyant investment seen during this period should pave the way for an increased supply of goods and services and help reduce the dangers of inflation. The outlook is not, however, without risks.

4) Until now, the threat of inflation in many countries has been contained, thanks to the concerted efforts of governments and monetary authorities. But continued

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[13] Source: Department of State files; also printed in Department of State *Bulletin*, September 1989, pp. 13–17.

vigilance is required and inflation, where it has increased, will continue to receive a firm policy response so that it will be put on a downward path.

5) While some progress has been made in reducing external imbalances, the momentum of adjustment has recently weakened markedly. There needs to be further progress in adjusting external imbalances through cooperation.

6) In countries with fiscal and current account deficits, including the United States of America, Canada and Italy, further reductions in budget deficits are needed. Action will be taken to bring them down. This may help reduce the saving-investment gap and external imbalances, contribute to countering inflation and encourage greater exchange rate stability in a context of decreasing interest rates.

7) Countries with external surpluses, including Japan and Germany, should continue to pursue appropriate macroeconomic policies and structural reforms that will encourage non-inflationary growth of domestic demand and facilitate external adjustment.

8) All our countries share the responsibility for the sound development of the world economy. Over the medium term, deficit countries have to play a key role in global adjustment through their external adjustment and increased exports; surplus countries have to contribute to sustaining global expansion through policies providing favourable conditions for growth of domestic demand and imports.

9) The emergence of the newly industrializing economies and the initiation of a dialogue with them are welcome. We call on those with substantial surpluses to contribute to the adjustment of external imbalances and the open trade and payments system. To that end, they should permit exchange rates to reflect their competitive position, implement GATT commitments and reduce trade barriers.

INTERNATIONAL MONETARY DEVELOPMENTS AND COORDINATION

10) Under the Plaza[14] and Louvre[15] agreements, our countries agreed to pursue, in a mutually reinforcing way, policies of surveillance and coordination aimed at improving their economic fundamentals and at fostering stability of exchange rates consistent with those economic fundamentals.

There has been progress in the multilateral surveillance and coordination of economic policies with a view to ensuring internal consistency of domestic policies and their international compatibility. The procedures to be used have been more clearly defined and improved in cooperation with the International Monetary Fund.

11) The coordination process has made a positive contribution to world economic development and it has also contributed greatly to improving the functioning of the International Monetary System. There has also been continued cooperation in exchange markets.

It is important to continue, and where appropriate, to develop this cooperative and flexible approach to improve the functioning and the stability of the International Monetary System in a manner consistent with economic fundamentals. We therefore ask the Finance Ministers to continue to keep under review possible steps that could be taken to improve the coordination process, exchange market cooperation, and the functioning of the International Monetary System.

12) We welcome the decision to complete the work on the ninth review of the International Monetary Fund quotas with a view to a decision on this matter before the end of the year.

We note that the question of a resumption of S.D.R. allocation remains under consideration in the Executive Board of the International Monetary Fund.

13) Within the European Community, the European Monetary System has contributed to a significant degree of economic policy convergence and monetary stability.

IMPROVING ECONOMIC EFFICIENCY

14) We will continue to promote measures in order to remove inefficiencies in

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[14] Reference is to a meeting of the finance ministers and central bank governors of France, West Germany, Japan, the United Kingdom, and the United States on September 22, 1985, at the Plaza Hotel in New York City. For text of their joint statement, see *ibid.*, November 1985, pp. 46–48.

our economies. These inefficiencies affect many aspects of economic activity, reduce potential growth rates and the prospects for job creation, diminish the effectiveness of macroeconomic policies and impede the external adjustment process. In this context, tax reforms, modernization of financial markets, strengthening of competition policies and reducing rigidities in all sectors including energy, industry and agriculture are necessary. So are the improvement of education and vocational training, transportation and distribution systems and further policies aimed at giving more flexibility and mobility to the labour market and reducing unemployment. Within the European Community, the steady progress towards the completion by the end of 1992 of the program contained in the Single Act has already given a strong momentum to economic efficiency.

15) The decline of saving in some of our countries in this decade is a cause for concern. This lower level of saving can contribute to high real interest rates and therefore hamper growth. Inadequate saving and large fiscal deficits are associated with large external deficits. We recommend, within the framework of policy coordination, policies to encourage saving and remove hindrances where they exist.

16) Financial activities are being increasingly carried out with new techniques on a worldwide basis. As regards insider trading, which could hamper the credibility of financial markets, regulations vary greatly among our countries. These regulations have been recently, or are in the process of being, strengthened. International cooperation should be pursued and enhanced.

TRADE ISSUES

17) World trade developed rapidly last year. Yet protectionism remains a real threat. We strongly reaffirm our determination to fight it in all its forms. We shall fulfill the Punta del Este standstill and rollback commitments which, inter alia, require the avoidance of any trade restrictive or distorting measure inconsistent with the provisions of the General Agreement and its instruments. We agree to make effective use of the improved GATT dispute settlement mechanism and to make progress in negotiations from further improvements. We will avoid any discriminatory or autonomous actions, which undermine the principles of the GATT and the integrity of the multilateral trading system. We also are pledged to oppose the tendency towards unilateralism, bilateralism, sectoralism and managed trade which threatens to undermine the multilateral system and the Uruguay Round negotiations.

18) The successful negotiation of the Trade Negotiations Committee of the Uruguay Round in Geneva last April, thereby completing the mid-term review, is a very important achievement. It gives a clear framework for future work in all sectors including the pursuit of agricultural reform in the short term as well as in the long term. It also gives the necessary framework for substantive negotiations in important sectors not yet fully included in GATT disciplines, such as services, trade-related investment measures and intellectual property.

Developing countries participated actively in these negotiations and contributed to this success. All countries should make their most constructive contribution possible.

We express our full commitment to making further substantive progress in the Uruguay Round in order to complete it by the end of 1990.

19) We note with satisfaction the entry into force of the Free Trade Agreement between Canada and the US, as well as more recent initiatives to intensify the close economic relations between the European Community and EFTA countries. It remains our policy that these and other developments in regional cooperation, should be trade-creating and complementary to the multilateral liberalization process.

20) It is the firm intention of the European Community that the trade aspects of the single market program should also be trade-creating and complementary to the multilateral liberalization process.

21) We note with satisfaction the progress that has been made in strengthening the multilateral disciplines on trade and aid distorting export credit subsidies. This effort must be pursued actively and completed in the competent bodies of the OECD with a view to improving present guidelines at the earliest possible date.

GENERAL PROBLEMS OF DEVELOPMENT

22) Development is a shared global challenge. We shall help developing countries by opening the world trading system and by supporting their structural adjustment. We shall encourage too economic diversification in commodity dependent countries and the creation of a favourable environment for transfers of technology and capital flows.

We underline the continuing importance of official development assistance and welcome the increased efforts of Summit participants in this respect. We note the targets already established by international organizations for the future level of official development assistance and stress the importance of overall financial flows to development.

We underline simultaneously the importance attached to the quality of the aid and to the evaluation of the projects and the programs financed.

23) We urge developing countries to implement sound economic policies. A vital factor will be the adoption of financial and fiscal policies which attract inward investment and encourage growth and the return of flight capital.

24) We note with satisfaction that there has been substantial progress in the multilateral aid initiative for the Philippines that was given special attention in the Toronto economic declaration.[16]

25) Faced with the worrying economic situation of Yugoslavia, we encourage its government to implement a strong economic reform program that can command bilateral and multilateral support.

THE SITUATION IN THE POOREST COUNTRIES

26) The enhancement of the International Monetary Fund Structural Adjustment Facility, the World Bank special program of assistance for the poorest and most indebted countries and the fifth replenishment of the African Development Fund are all important measures benefiting those countries having embarked upon an adjustment process. We stress the importance attached to a substantial replenishment of International Development Association resources.

27) As we urged last year in Toronto, the Paris Club reached a consensus in September 1988 on the conditions of implementation of significant reduction of debt service payments for the poorest countries. Thirteen countries have already benefitted by this decision.

28) We welcome the increasing grant element in the development assistance as well as the steps taken to convert loans into grants and we urge further steps to this end. Flexibility in development aid as much as in debt rescheduling is required.

29) We attach great importance to the efficient and successful preparation of the next general conference of the United Nations on the least developed countries, which will take place in Paris in 1990.

STRENGTHENED DEBT STRATEGY FOR THE HEAVILY INDEBTED COUNTRIES

30) Our approach to the debt problems has produced significant results, but serious challenges remain: in many countries the ratio of debt service to exports remains high, financing for growth promoting investment is scarce, and capital flight is a key problem. An improvement in the investment climate must be a critical part of efforts to achieve a sustainable level of growth without excessive levels of debt. These improvements of the current situation depend above all on sustained and effective adjustment policies in the debtor countries.

31) To address these challenges, we are strongly committed to the strengthened debt strategy. This will rely, on a case-by-case basis, on the following actions:

—borrowing countries should implement, with the assistance of the Fund and the Bank, sound economic policies, particularly designed to mobilize savings, stimulate investment and reverse capital flight;

—banks should increasingly focus on voluntary, market-based debt and debt service reduction operations, as a complement to new lending;

—the International Monetary Fund and World Bank will support significant debt

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[16] For text of the economic declaration issued by the Toronto Economic Summit Conference, June 19–21, 1988, see *American Foreign Policy: Current Documents, 1988*, pp. 162–168.

best copy available

reduction by setting aside a portion of policy-based loans;

—limited interest support will be provided, through additional financing by the International Monetary Fund and the World Bank, for transactions involving significant debt and debt service reduction. For that purpose the use of escrow accounts is agreed;

—continued Paris Club rescheduling and flexibility of export-credit agencies;

—strengthening of the international financial institutions capability for supporting medium-term macroeconomic and structural adjustment programs and for compensating the negative effects of export shortfalls and external shocks.

32) In the framework of this strategy:

—we welcome the recent decisions taken by the two institutions to encourage debt and debt service reduction which provide adequate resources for these purposes;

—we urge debtor countries to move ahead promptly to develop strong economic reform programs that may lead to debt and debt service reductions in accordance with the guidelines defined by the two Bretton Woods institutions;

—we urge banks to take realistic and constructive approaches in their negotiations with the debtor countries and to move promptly to conclude agreements on financial packages including debt reduction, debt service reduction and new money. We stress that official creditors should not substitute for private lenders. Our governments are prepared to consider as appropriate tax, regulatory and accounting practices with a view to eliminating unnecessary obstacles to debt and debt service reductions.

ENVIRONMENT

33) There is growing awareness throughout the world of the necessity to preserve better the global ecological balance. This includes serious threats to the atmosphere, which could lead to future climate changes. We note with great concern the growing pollution of air, lakes, rivers, oceans and seas; acid rain, dangerous substances; and the rapid desertification and deforestation. Such environmental degradation endangers species and undermines the well-being of individuals and societies.

Decisive action is urgently needed to understand and protect the earth's ecological balance. We will work together to achieve the common goals of preserving a healthy and balanced global environment in order to meet shared economic and social objectives and to carry out obligations to future generations.

34) We urge all countries to give further impetus to scientific research on environmental issues, to develop necessary technologies and to make clear evaluations of the economic costs and benefits of environmental policies.

The persisting uncertainty on some of these issues should not unduly delay our action.

In this connection, we ask all countries to combine their efforts in order to improve observation and monitoring on a global scale.

35) We believe that international cooperation also needs to be enhanced in the field of technology and technology transfer in order to reduce pollution or provide alternative solutions.

36) We believe that industry has a crucial role in preventing pollution at source, in waste minimization, in energy conservation, and in the design and marketing of cost-effective clean technologies. The agricultural sector must also contribute to tackling problems such as water pollution, soil erosion and desertification.

37) Environmental protection is integral to issues such as trade, development, energy, transport, agriculture and economic planning. Therefore, environmental considerations must be taken into account in economic decision-making. In fact good economic policies and good environmental policies are mutually reinforcing.

In order to achieve sustainable development, we shall ensure the compatibility of economic growth and development with the protection of the environment. Environmental protection and related investment should contribute to economic growth. In this respect, intensified efforts for technological breakthrough are important to reconcile economic growth and environmental policies.

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Clear assessments of the costs, benefits and resource implications of environmental protection should help governments to take the necessary decisions on the mix of price signals (e.g., taxes or expenditures) and regulatory actions, reflecting where possible the full value of natural resources.

We encourage the World Bank and regional development banks to integrate environmental considerations into their activities. International organizations such as the OECD and the United Nations and its affiliated organizations, will be asked to develop further techniques of analysis which would help governments assess appropriate economic measures to promote the quality of the environment. We ask the OECD, within the context of its work on integrating environment and economic decision-making, to examine how selected environmental indicators could be developed. We expect the 1992 UN Conference on Environment and Development to give additional momentum to the protection of the global environment.

38) To help developing countries deal with past damage and to encourage them to take environmentally desirable action, economic incentives may include the use of aid mechanisms and specific transfer of technology. In special cases, ODA debt forgiveness and debt for nature swaps can play a useful role in environmental protection.

We also emphasize the necessity to take into account the interests and needs of developing countries in sustaining the growth of their economies and the financial and technological requirements to meet environmental challenges.

39) The depletion of the stratospheric ozone layer is alarming and calls for prompt action.

We welcome the Helsinki conclusions related, among other issues, to the complete abandonment of the production and consumption of chloro-fluorocarbons covered by the Montreal protocol[17] as soon as possible and not later than the end of the century. Specific attention must also be given to those ozone-depleting substances not covered by the Montreal protocol. We shall promote the development and use of suitable substitute substances and technologies. More emphasis should be placed on projects that provide alternatives to chloro-fluorocarbons.

40) We strongly advocate common efforts to limit emissions of carbon dioxide and other greenhouse gases, which threaten to induce climate change, endangering the environment and ultimately the economy. We strongly support the work undertaken by the Intergovernmental Panel on Climate Change, on this issue.

We need to strengthen the worldwide network of observatories for greenhouse gases and support the World Meteorological Organization initiative to establish a global climatological reference network to detect climate changes

41) We agree that increasing energy efficiency could make a substantial contribution to these goals. We urge international organizations concerned to encourage measures, including economic measures, to improve energy conservation and, more broadly, efficiency in the use of energy of all kinds and to promote relevant techniques and technologies.

We are committed to maintaining the highest safety standards for nuclear power plants and to strengthening international cooperation in safe operation of power plants and waste management, and we recognize that nuclear power also plays an important role in limiting output of greenhouse gases.

42) Deforestation also damages the atmosphere and must be reversed. We call for the adoption of sustainable forest management practices, with a view to preserving the scale of world forests. The relevant international organizations will be asked to complete reports on the state of the world's forests by 1990.

43) Preserving the tropical forests is an urgent need for the world as a whole. While recognizing the sovereign rights of

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[17] Reference is to the protocol to the March 1985 Vienna Convention for the Protection of the Ozone Layer. The Protocol on Substances that Deplete the Ozone Layer, known also as the Protocol on Chlorofluorocarbons, was signed in Montreal, Canada, September 16, 1987, by delegates of 25 of the 47 countries attending the conference. The Montreal Protocol, which entered into force January 1, 1989, called for reducing by half the consumption of chlorofluorocarbons by the end of the century. See *International Legal Materials*, No. 6 (1989), pp. 1541–1561.

developing countries to make use of their natural resources, we encourage, through a sustainable use of tropical forests, the protection of all the species therein and the traditional rights to land and other resources of local communities. We welcome the German initiative in this field as a basis for progress.

To this end, we give strong support to rapid implementation of the Tropical Forest Action Plan which was adopted in 1986 in the framework of the Food and Agricultural Organization. We appeal to both consumer and producer countries, which are united in the International Tropical Timber Organization, to join their efforts to ensure better conservation of the forests. We express our readiness to assist the efforts of nations with tropical forests through financial and technical cooperation, and in international organizations.

44) Temperate forests, lakes and rivers must be protected against the effects of acid pollutants such as sulphur dioxide and nitrogen oxides. It is necessary to pursue actively the bilateral and multilateral efforts to this end.

45) The increasing complexity of the issues related to the protection of the atmosphere calls for innovative solutions. New instruments may be contemplated. We believe that the conclusion of a framework or umbrella convention on climate change to set out general principles or guidelines is urgently required to mobilize and rationalize the efforts made by the international community. We welcome the work under way by the United Nations Environment Program, in cooperation with the World Meteorological Organization, drawing on the work of the Intergovernmental Panel on Climate Change and the results of other international meetings. Specific protocols containing concrete commitments could be fitted into the framework as scientific evidence requires and permits.

46) We condemn indiscriminate use of oceans as dumping grounds for polluting waste. There is a particular problem with the deterioration of coastal waters. To ensure the sustainable management of the marine environment, we recognize the importance of international cooperation in preserving it and conserving the living resources of the sea. We call for relevant bodies of the United Nations to prepare a report on the state of the world's oceans.

We express our concern that national, regional and global capabilities to contain and alleviate the consequences of maritime oil spills be improved. We urge all countries to make better use of the latest monitoring and clean-up technologies. We ask all countries to adhere to and implement fully the international conventions for the prevention of oil pollution of the oceans. We also ask the International Maritime Organization to put forward proposals for further preventive action.

47) We are committed to ensuring full implementation of existing rules for the environment. In this respect, we note with interest the initiative of the Italian Government to host in 1990 a forum on international law for the environment with scholars, scientific experts and officials, to consider the need for a digest of existing rules and to give in-depth consideration to the legal aspects of environment at the international level.

48) We advocate that existing environment institutions be strengthened within the United Nations system. In particular, the United Nations Environment Program urgently requires strengthening and increased financial support. Some of us have agreed that the establishment within the United Nations of a new institution may also be worth considering.

49) We have taken note of the report of the sixth conference on bioethics held in Brussels which examined the elaboration of a universal code of environmental ethics based upon the concept of the "human stewardship of nature".

50) It is a matter of international concern that Bangladesh, one of the poorest and most densely populated countries in the world, is periodically devastated by catastrophic floods.

We stress the urgent need for effective, coordinated action by the international community, in support of the Government of Bangladesh, in order to find solutions to this major problem which are technically, financially, economically and environmentally sound. In that spirit, and taking account of help already given, we take note of the different studies concerning flood alleviation, initiated by France, Japan, the US and the United Nations Development Program, which have been reviewed by experts from all our countries. We welcome the World Bank's agreement, following

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those studies, to coordinate the efforts of the international community so that a sound basis for achieving a real improvement in alleviating the effects of flood can be established. We also welcome the agreement of the World Bank to chair, by the end of the year, a meeting to be held in the United Kingdom by invitation of the Bangladesh Government, of the countries willing to take an active part in such a program.

51) We give political support to projects such as the joint project to set up an observatory of the Saharan areas, which answers the need to monitor the development of that rapidly deteriorating, fragile, arid region, in order to protect it more effectively.

DRUG ISSUES

52) The drug problem has reached devastating proportions. We stress the urgent need for decisive action, both on a national and an international basis. We urge all countries, especially those where drug production, trading and consumption are large, to join our efforts to counter drug production, to reduce demand, and to carry forward the fight against drug trafficking itself and the laundering of its proceeds.

53) Accordingly, we resolve to take the following measures within relevant fora:

—Give greater emphasis on bilateral and United Nations programs for the conversion of illicit cultivation in the producer countries. The United Nations Fund for Drug Abuse Control (UNFDAC), and other United Nations and multilateral organizations should be supported, strengthened and made more effective. These efforts could include particular support for the implementation of effective programs to stop drug cultivation and trading as well as developmental and technical assistance.

—Support the efforts of producing countries who ask for assistance to counter illegal production or trafficking.

—Strengthen the role of the United Nations in the war against drugs through an increase in its resources and through reinforced effectiveness of its operation.

—Intensify the exchange of information on the prevention of addiction, and rehabilitation of drug addicts.

—Support the international conference planned for 1990 on cocaine and drug demand reduction.

—Strengthen the efficiency of the cooperative and mutual assistance on these issues, the first steps being a prompt adhesion to, ratification and implementation of the Vienna Convention on illicit traffic in narcotic drugs and psychotropic substances.

—Conclude further bilateral or multilateral agreements and support initiatives and cooperation, where appropriate, which include measures to facilitate the identification, tracing, freezing, seizure and forfeiture of drug crime proceeds.

—Convene a financial action task force from Summit Participants and other countries interested in these problems. Its mandate is to assess the results of cooperation already undertaken in order to prevent the utilization of the banking system and financial institutions for the purpose of money laundering, and to consider additional preventive efforts in this field, including the adaptation of the legal and regulatory systems so as to enhance multilateral judicial assistance. The first meeting of this task force will be called by France and its report will be completed by April 1990.

54) *International Cooperation Against AIDS*

We take note of the creation of an International Ethics committee on AIDS which met in Paris in May 1989, as decided at the Summit of Venice (June 1987).[18] It assembled the Summit Participants and the other members of the EC, together with the active participation of the World Health Organization.

55) We take note of the representations that we received from various Heads of State or Government and organizations and we will study them with interest.

56) *Next Economic Summit*

We have accepted the invitation of the President of the United States to meet next year in the United States of America.

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[18] See the statement on AIDS issued by the chairman of the Venice Economic Summit, June 10, 1987: *American Foreign Policy: Current Documents, 1987*, pp. 168–169.

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63. Accomplishments of the Economic Summit and the Issue of Future Soviet Participation

Press Conference by President Bush, Paris, July 16, 1989 (Extracts)[19]

Well, we've just concluded 2½ days of intensive and productive meetings with the summit counterparts on economic and political issues. And let me take this opportunity, first of all, to thank President Mitterrand for his most gracious hospitality.

The summit, in my view, was a clear success. We met in a time of sustained economic growth and agreed that the prospects are good for the continued expansion without inflation of that growth. It was against this backdrop that we conducted a wide-ranging discussion on critical global issues, from East-West relations to the growing environmental challenge that we face.

We came to Paris at a truly remarkable moment. The winds of change are bringing hope to people all around the world. And who would have thought just a few short years ago that we would be witness to a freely elected Senate in Poland or political pluralism in Hungary? I was really touched by what I saw and heard in those two countries—people determined to keep their dreams alive, people determined to see a Europe whole and free. And that's why America brought to this summit our determination to support the reform movement in Hungary and Poland. People yearning for freedom and democracy deserve our support, and it's because of the community of values shared by these summit countries that we were able to agree to meet soon to discuss concerted action that will help Poland and Hungary.

Democracy and economic growth go hand in hand, whether in Eastern Europe, the Summit Seven, or the developing world. And therefore, much of our discussion here in Paris centered on economics. We reaffirmed our international economic cooperation and our whole policy coordination process. Our strengthened debt strategy was firmly supported. We reaffirmed our determination to maintain and improve the multilateral trading system, calling for the completion of the Uruguay round by the end of 1990 and extending the GATT to new areas, including agriculture.

This summit marked a watershed in the environment. And we agreed that decisive action is urgently needed to preserve the Earth. We committed to work together, as well as with the developing world, to meet our responsibility of global stewardship. The measures we've agreed to in Paris are timely, and they lay the groundwork for further specific steps when we meet again next year in the United States.

And finally, I was especially pleased to find that my colleagues share our sense of urgency and sense of the importance of the worldwide fight against drugs. Among other steps, we agreed to establish a financial action task force to find new ways to track and prevent the laundering of drug money. I look forward to meeting my summit colleagues in the United States next year as we continue working on these and other priority issues, build on the genuine progress that I think was made here in Paris.

And I might say that I was very pleased that this meeting coincided with the Bicentennial here. It was a very moving experience for all of us.

Now I will be glad to take any questions.

Q. Mr. Gorbachev wants to play a part in the world economic discussions. Would he be welcome at the next economic summit table?

THE PRESIDENT. Well, I think that's a little premature, but it was very interesting, I found, that a leader of the Soviet Union would address a letter to the French President as head of this year's summit. We talked about that letter a great deal. There's an awful lot that has to transpire in the Soviet Union, it seems to me, before anything of that nature would be considered. We're talking about free-market economies here. But I found fascinating the very fact of the letter. But there was no—there certainly—I don't think any indication that he will be attending the next summit. He'll get a very courteous and very thoughtful reply from Mr. Mitterrand.

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[19] Source: *Weekly Compilation of Presidential Documents*, July 24, 1989, pp. 1109–1110. The President held the press conference at 6:01 p.m. at the U.S Ambassador's residence in Paris.

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Q. Mr. President, the summit called for decisive action on the environment, but various environmental groups are saying that you did not take decisive action. Could you respond to that?

THE PRESIDENT. Well, I did see one or two groups. They didn't think I took decisive action when I sent—or, took proper action when I sent a very far-reaching clean air proposal up to the Congress. And so, some have been critical.

Many have been supportive on the broad—the very fact—I'll tell you where we got a lot of support is the very fact that the communiqué addressed itself with some specificity to various environmental goals: the whole concept of cooperation on research, technology, and transfer to the LDC's; the prevention of pollution; the idea of setting up monitoring stations so we can better predict and, thus, avoid environmental disaster.

There was a lot of common ground. In fact, I would say that on that and perhaps antinarcotics there was most fervor. And so, I think many environmental groups see the very fact that this matter was on the front burner as being very positive. And the summit did make strong enough statements to commit all of our members, and hopefully others around the world, to sound environmental practice. So you get criticized; but I think, generally speaking, it's been very, very forward-looking.

Q. Mr. President, you promised in Poland and Hungary that you would seek concerted action on the part of the countries meeting here to help those countries. There seems to have been a pledge that there would be concerted consideration of action—no dollar figure attached and no specified action promised—and a meeting apparently planned. And do you feel you got what you wanted, sir?

THE PRESIDENT. I think so. And you'll notice, Brit [Brit Hume, ABC News],[20] that in both Poland and Hungary I stopped well short of setting dollar figures or of challenging others to meet dollar figures. But on this one, let there be no doubt there was unanimity that we should address ourselves to the problems of Poland and Hungary. And so, I was not disappointed I didn't go in there with a specific package with dollar figures on it, and I think that an early meeting to do just that is good. It called for food aid to Poland. That's specific. Doesn't have a figure on it, but—no, I think we got what we sought. And there was no rancor on that question and no division on the question. But there was unanimity that we have to move on it.

Q. Since you've said that you spent a lot of time last night talking about Mr. Gorbachev's letter, can you tell us a little bit about those discussions, and can you tell us what your view is? What is an appropriate response from the West to such an extraordinary request by Mr. Gorbachev to become part of the economy of the Western democracies?

THE PRESIDENT. We would welcome any movement by the Soviet Union towards market-oriented, or Western, economies. There's no question about that. And there's nothing begrudging about our saying—in replying to Helen's [Helen Thomas, United Press International] comment, my replying to Helen's—that I don't expect Mr. Gorbachev to sit as a member at the next year's summit. But the discussion was—it started off by: What do you think he means by this? And a lot of discussion—we'll get the experts to analyze it. And all of that took place. And people concluded that it was just one more manifestation of the changing world we're living in. And that, I think, was the main message.

And then, where we go from here—some of that has been addressed in the communiqué, because we talked in there about help for the Third World. And some of his letter, as you know, was on that very subject. When it came in, Mr. Mitterrand read it off to the group there and then said, "Well, what will we do?" And my suggestion was—which he had intended to adopt anyway—that he, as the man to whom the letter was addressed, would reply to it.

So, that's the way it was. And the fact that it's happening, is taking place—the President of the United States can go to Eastern Europe and witness the very kind of change we're talking about.

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[20] All brackets are in the source text.

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I'll tell you—I want to reply to Carl's [Carl Leubsdorf, *Dallas Morning News*] question here—that almost the most dramatic for me was when Mr. Németh, the Prime Minister of Hungary, handed me that piece of barbed wire—tearing down the Iron Curtain between Hungary and Austria. Now who would have thought that possible? And this letter—just one more manifestation of the exciting times we're in of change. They're moving towards our open system, our free system, our system of free elections. And that's the way I would look at the letter in that context.

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Q. Mr. President, how much change would the Soviet Union have to make before they could earn an invitation to next year's economic summit? If you can't answer that specifically, at least could you give us some sense of scale?

THE PRESIDENT. Well, one, as you know, I have welcomed the reforms that are taking place in the Soviet Union. But I don't—this concept of the Soviets coming to a G–7 summit has never been, to my knowledge, thought much about until this letter appeared, so there are no standards for entrance into the G–7.

The Soviet economy needs a lot of work. And I say that not to be critical, but certainly that's an objective judgment. The economy is in bad, bad shape—far worse shape than the Western economies. And so, I think what we ought to do is to encourage the kinds of economic changes in Eastern Europe and—to the degree the Soviets would not consider that an intervention into their internal affairs—in the Soviet Union. Those should be the next steps.

Welcome the interest that was shown by this letter. This wasn't an application for admission to the G–7. It was saying: Let's do something in a common way about solving problems around the world. And so, I wouldn't set a standard right now. I'd simply say: Let each of us try to get our economies in order. And as soon as that happens and as soon as we see the manifestations of freedom break out there, in terms of demonstrably free elections all over, then we start talking about democratic change, and then the day approaches. I think it's very premature to start laying down guidelines from here as to what we need to do on that.

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Q. At the risk of seeming fixated by Mr. Gorbachev, when you discussed his letter, was there a suggestion from anybody that it might have been a bit of mischief or an attempt to get some publicity out of a Western summit?

THE PRESIDENT. I can't say that that never occurred. [Laughter] But I don't think that, after people thought about it rationally, that anyone was prepared to say that and that alone was what motivated this letter.

There is change taking place. And I think for some time people really wondered whether I was a little begrudging in recognizing that change and encouraging that change. But I think now that has been laid to rest. So, when you see something of this nature, you take a look at it, and you assess it, and then you—but you don't discount it in a cynical fashion.

But I think there was the timing. The summit has been planned for a long time, and this letter might have come in earlier on for more serious sherpa consideration, as every other issue was subjected to marvelous work by the sherpas—who incidentally did a superb job—and this one didn't. So, I think people would excuse a reasonable degree of cynicism, but don't think the conclusion was cynical.

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Q. Is Mr. Mitterrand free to reply to the Gorbachev letter himself, or will it be circulated, or would you like to see the letter? How would you like that to go?

The President. No, I think that he should reply to it himself. He has a good relationship with Mr. Gorbachev. Gorbachev was here. They've had some followup, I believe, and the letter was addressed to him, albeit as the President of the summit. And so, I think it's fitting that he simply use his good judgment and reply to it in any way he wants. And that's exactly what he's going to do, incidentally. That was discussed.

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Chapter 6. United Nations

64. FY 1990 Assistance Request for International Organizations and Programs

Prepared Statement by the Deputy Assistant Secretary of State for International Organization Affairs (Vogelgesang), March 22, 1989[1]

Mr. Chairman and members of the committee: I welcome the opportunity to appear before you today to present the President's fiscal year 1990 budget request of $209 million for the "International Organizations and Programs"—or IO&P—account. This request will fund U.S. voluntary contributions for development, humanitarian and scientific assistance programs and activities undertaken by the United Nations and the Organization of American States.

Across the U.N. system, its development and technical agencies are taking stock of past accomplishments, assessing their capacity and readying themselves to meet the needs of the new decade just ahead. The $209 million appropriation request before you reflects three factors:

(1) U.S. support for intensified efforts to increase the coherence of U.N. system technical assistance in developing countries provided by the United Nations Development Program (UNDP), the United Nations Children's Fund (UNICEF) and other U.N. agencies;

(2) Continued emphasis on programs of technical agencies of the U.N. system, such as the International Atomic Energy Agency (IAEA) and the World Meteorological Organization (WMO), which address key issues facing the United States in an increasingly complex, economically interdependent and environmentally interrelated world; and

(3) Sizeable investments in the rehabilitation and reconstruction of Afghanistan following a decade of occupation and war.

This request, like many others presented to this Congress for FY 1990, reflects a balance among difficult choices. We have striven to make room for new initiatives, and yet maintain support for continuous programs such as—UNDP, UNICEF, and IAEA—which have long since proven their value.

Despite our concern for observing budgetary restraint, we have been able to include two new line items of critical importance to the United States. These are $16 million for the U.N. Afghanistan Emergency Trust Fund and $100 thousand for the Intergovernmental Panel of Climate Change.

I would like to turn now to a more specific analysis of our request.

We are requesting $107.830 million or over 50 percent of our total request of $209 million for UNDP. The size of the U.S. contribution is seen by donors and recipients alike as a signal of the value and credibility of UNDP's programs and U.S. leadership. The U.S. contribution is a key catalyst in encouraging contributions from other members. This arrangement gives the U.S. substantial influence over a large share of multilateral assistance around the world. UNDP has traditionally received the largest allocation of any of the programs in the IO&P account, not only because of its central funding role, but also because of its universal character, its broad geographic coverage and our firm belief that UNDP serves the interests of the United States. The Organization's activities are not tied to any particular sector of development effort. Its coordinating role within the U.N. system permits it to tackle development problems with an integrated approach that helps assure maximum impact from scarce resources.

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[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 7, pp. 325–327. Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, David R. Obey, presided over the session.

Joining with other major Western donors, the United States has been encouraging UNDP to pursue key management reforms to improve its program and project formulation and establish more effective monitoring and evaluation of its activities. These reforms were begun in 1985 by your former colleague, Brad Morse. His successor, Administrator William Draper, has pursued these management initiatives vigorously.

Overall voluntary contributions to UNDP's central resources for 1989 totaled in excess of $1 billion. 1989 registered the largest total contribution ever recorded from all donors. The level of U.S. funding has fallen from a high of $165 million in FY 1985 to $107.5 million in FY 1987. Our request of $107.830 for FY 1990, only slightly less than the previous year's request, reflects primarily the overall constraints on the Federal budget rather than any diminished commitment to UNDP and the fact that UNDP enjoys sufficiently broad support from key donors to perform its critical role in the U.N. system.

The second largest item in our request is $33.9 million for UNICEF, nearly a 6 percent increase over our FY 1989 request. UNICEF works closely with the governments of developing countries in their efforts to improve the welfare of children and mothers and to enable children to develop their full mental and physical potential. UNICEF focuses particular attention on the least developed countries and the major causes of death and disease among children under five. It complements and reinforces U.S. bilateral assistance programs such as AID's Child Survival Fund.

More than most programs in the U.N. system, UNICEF has earned the confidence and admiration of the American people and Congress. It has been immensely successful in reducing dramatically infant and child mortality rates in developing countries. The best-known approach has been through well publicized mass childhood immunization and oral rehydration therapy (ORT) campaigns.

The 1989 State of the World's Children Report estimates that these basic, low-cost health interventions save the lives of nearly 1 million children every year. 1990, the target date for attaining the World Health Organization's goals of universal childhood immunization and ORT application, is fast approaching. To come as close as possible to achieving that goal and to sustain the momentum of these vitally important activities well into the next decade, UNICEF needs the continued, strong support of the United States.

The third largest item in our request is $25.2 million for the International Atomic Energy Agency (IAEA). Historically, the United States has been a strong supporter of IAEA and its safeguards system, which serve critical U.S. security and nonproliferation interests. In his address to Congress on February 9,[2] President Bush pledged to "strengthen the hand" of the IAEA as a central part of the administration's efforts to halt the spread of nuclear weapons. A significant portion of the U.S. voluntary contribution to the IAEA accomplishes this purpose by providing direct support to the IAEA safeguards system. It assures that nuclear material, intended for peaceful purposes, is not diverted for military use. U.S. funds designated for safeguards and nonproliferation support research and development activities at U.S. laboratories and the provision of U.S. experts' services to the IAEA safeguards department.

In addition, the U.S. voluntary contribution to the IAEA supports the IAEA technical cooperation program, which enables many developing states to secure—in a safe manner—the benefits of the peaceful atom for the promotion of agriculture, human health, industry, and energy production. As with funds designated for safeguards activities, a significant portion of U.S. funds supporting IAEA technical assistance will be expended in the United States—at laboratories and universities, and in the commercial sector.

We have proposed $16 million in support of the U.N. Afghanistan Emergency Trust Fund. With the recent withdrawal of Soviet troops from Afghanistan after nearly 9 years of brutal occupation, a major international relief effort must be undertaken to assist the 5 million Afghan refugees and 2 million internally displaced Afghans in returning to their homes. This movement will represent the largest migration of people since World War II.

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[2] Reference is to President Bush's address before a joint session of Congress; for text, see *Weekly Compilation of Presidential Documents*, February 13, 1989, pp. 177–183.

We will continue our bilateral crossboarded humanitarian assistance, but the enormity of the problem and the demands for expertise, experience and funds compel an international response. The U.N. and its technical and development agencies, if fully and effectively managed and coordinated, have the capacity to lead this effort. We are working directly with the U.N. agencies and the U.N. coordinator for humanitarian aid to Afghanistan to help the U.N. effort realize its potential and perform the massive task required of it.

The coordinated U.N. program will provide the Afghan refugees and displaced persons with emergency supplies needed to restore their fields and villages and begin to feed themselves. It will support basic health care. Over time, it will help the Afghans begin to reconstruct their local areas and ultimately their country. The program will be decentralized and geared to provide assistance directly to the Afghan people, not through the illegitimate Kabul regime.

The United States has a major stake in helping the Afghans win the peace now that they, with our help, have won the war. The permanent return of the Afghan refugees and displaced persons will be a force for stability in their country and throughout the South Asian region. The U.S. contribution to the Emergency Trust Fund is a significant component of our overall Afghan strategy. It will allow us to influence significantly the direction of the U.N. effort and encourage other donor states to contribute substantially to the trust fund as well.

The $10 million level of our contribution to the development assistance programs of the Organization of American States (OAS) represents our commitment to the inter-American system and our belief that OAS technical cooperation activities fill an important development need not met by other programs. Specific activities include: basic education and education for work; employment generation and small business promotion; biotechnology as applied to food; environment and natural resources; trade and information and telecommunications development; and development and application of materials technology.

U.S. voluntary contributions serve as an important catalyst to generate external resources for the OAS from the private sector, multilateral institutions and non-member countries. They also play an important role in fostering inter-American cooperation for development, and enhance the U.S. ability to work with OAS members on programs of mutual interest.

Our request for $8 million for the U.N. environment program represents a $1.2 million increase over our FY 1989 request. It concludes $7.7 million to be contributed to UNEP's Environment Fund and an estimated $300,000 for multilateral environmentally-related activities such as the Vienna Convention for the Protection of the Ozone Layer[3] and the Cartagena Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region[4] and related protocols. UNEP's activities complement the efforts of the United States to improve our own environment. UNEP's multilateral approach engages both industrialized and developing countries and promotes cooperation on regional problems such as climate change, marine pollution, and desertification.

The request for $2 million for International Convention and Scientific Organization Contributions (ICSOC) enables the U.S. to support educational, scientific, cultural and communication activities that directly benefit U.S. interests.These benefits were formerly derived through membership in UNESCO. Programs such as the Intergovernmental Oceanographic Commission, the Man and the Biosphere Program, the International Hydrological Program and the International Geological Correlation Program are all actively supported by the U.S. and we have a continuing interest in the work they do.

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[3] Done at Vienna March 22, 1985, entered into force September 22, 1988. For text of the convention, see Depositary Notification No. C.N. 114. 1985 TREATIES-1 (May 13, 1985).

[4] Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region, with Annex, done at Cartagena March 24, 1983; entered into force October 11, 1986; *International Legal Materials*, Vol. 22, No. 2 (1983), pp. 227-236.

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The World Meteorological Organization's Voluntary Cooperation Program provides training and equipment to help less developed countries improve their national meteorological and hydrological services. U.S. support for this program enables the U.S. to receive more timely and reliable data for the U.S. National Meteorological Center, and international meteorological reports are used by the U.S. public and private sectors. We are requesting $2.0 million FY 1990 to support the work of this program.

The United Nations Capital Development Fund (UNCDF) provides grant capital assistance to the least developed countries for projects that are too small to be considered by other multilateral financing institutions. Our request of $1.5 million will enable the UNCDF to continue to focus on the poorest people at the grassroots with laborers, small farmers, the unemployed and other groups in need of small amounts of capital, whether for a water pump, foot bridge, or fertilizer and seeds.

The United Nations Educational and Training Program for Southern Africa (UNETPSA) is designed to provide education and training to students from South Africa and Namibia who are denied these opportunities in their own countries. Our request of $800 thousand for this program will serve to demonstrate U.S. support for the aspirations of these young people as they develop skills that are necessary to assume leadership roles in their societies.

Promotion of private sector development is a major U.S. priority both in international organization affairs and in development assistance. Our request of $500 thousand to fund the United Nations Industrial Development Organization (UNIDO) Investment Promotion Office (IPS) in Washington, D.C., will contribute to accomplishing this objective. The Washington IPS Office matches U.S. business organizations with industrial investment opportunities in developing countries, resulting in joint ventures between the two parties. The U.S. parties to joint ventures have unlimited opportunities to contribute resources to the projects, earn long-term returns on their investments, and simultaneously develop new markets in both developing and developed countries. The sole funding source for FY 1990 is our voluntary contribution from this account.

The United Nations Trust Fund for South Africa (UNTFSA) provides humanitarian assistance to victims of apartheid and racial discrimination in South Africa and Namibia. Our request of $250 thousand to provide assistance to black South Africans persecuted, under existing repressive legislation demonstrates U.S. commitment to the cause of freedom, justice and equality in South Africa and Namibia.

Our contribution of $220 thousand to the United Nations Development Fund for Women (UNIFEM) will encourage the integration of women as vital participants in the process of economic and social development. Women in developing countries have too often been considered mainly marginal to the essential processes of development.

The Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) provides a mechanism for protection of endangered species of wildlife and plants against over-exploitation through international trade. Our request of $200 thousand for the CITES Trust Fund will support meetings of parties to the Convention and certain operations of the Secretariat.

The United Nations Fellowship Program (UNFP) is designed to compensate U.S. Federal agencies for the administrative costs incurred in arranging and monitoring training funded by U.N. system agencies in the amount of $6 million. Our request includes $200 thousand for this program for fiscal year 1990.

The Convention concerning the protection of the world cultural and natural heritage (Convention) officially designates, as outstanding and irreplaceable, properties of international significance. Through the World Heritage Fund, the Convention provides financial assistance to nations to protect these universally acclaimed natural and cultural sites from deterioration and destruction. The request for $200 thousand will enable the United States to continue to influence the allocation of the fund to projects of importance to U.S. policies and programs.

Our contribution of $100 thousand to the United Nations Voluntary Fund for Victims of Torture (UNVFVT) furthers our multilateral human rights objectives in the UN Human Rights Commission and

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supplements U.S. bilateral human rights efforts. The Fund's major goal is to provide medical and psychological assistance to victims and their families.

IFAD is recognized as an effective development assistance program. We have not requested any funding for IFAD in fiscal year 1990 because negotiations for IFAD's third replenishment are still underway. When the current negotiations are concluded and a satisfactory agreement is reached, we intend to request funding within existing resource levels.

The final item is our $100 thousand request for the Intergovernmental Panel on Climate Change (IPCC). The IPCC was established in 1988 to provide an international forum to analyze and respond to the growing changes in the Earth's atmosphere as a result of natural and man-made chemicals. As one of the countries likely to be most affected by climate change and by decisions as to the manner in which to respond to this global problem, the United States must play a leading role in the determination of those decisions.

Our total request is a little over $17 million less than that appropriated for FY 1989. Overall monetary constraints on the Federal budget have forced us to confine the request within these limits. We have reviewed the programs and resource situation of these agencies and believe that these requests are appropriate to their present situation.

In conclusion, I would like to mention that, as we participate in the U.N. system over the next decade—for example, with UNICEF and UNDP in shaping the direction their programs will take—we will do so on a solid basis of managerial improvements.

We will also shape the direction of the U.N. system agencies that strive to eliminate world poverty, hunger and inadequate health care in the developing world within a framework of broad donor consensus. We will, in this effort, focus on the need to take a new look at the relationships among the partners in the system, to assure that they reinforce each other and build on inherent strengths. As a basic policy, we continue to support UNDP's central funding and coordinating role. With other major donors, we will seek an improved division of labor between UNDP and the technical and specialized agencies of the U.N. system which reflects increased emphasis on building institutional capacity of developing countries and transferring specific technical knowledge.

Our goals may sound lofty. However, we believe that, through hard work and a sincere commitment to multilateralism, we can succeed.

Mr. Chairman, that concludes my prepared statement. I will be pleased to answer any questions you or the committee may have.

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65. The Concept of a "Unitary United Nations"

Address by the Assistant Secretary of State for International Organization Affairs (Bolton) Before the Geneva Group, Geneva, June 29, 1989[5]

It is a special pleasure for me to participate in this my first meeting of the Geneva group consultative level. This forum, especially through the 1980s, has provided an important and useful opportunity for exchanging views and coming to conclusions on budgetary, financial and administrative issues affecting the organizations of the UN system. I look forward to working with all of you in continuing our efforts to assure that the significant resources, we as a group invest in the UN system, are put to good use.

Together, the members of the Geneva group represent over 70 percent of the contributions to the assessed budgets of the UN system. Were we to add our voluntary contributions to the extra-budgetary activities of the UN agencies, and to the operational programs such as UNDP, UNICEF, UNHCR, and the WFP, the percentage would be at least as high. It is incumbent on members of the Geneva group to fulfill our responsibilities to our taxpayers and to other members of the organizations by continuing to provide the leadership required for adapting the UN system to its growing responsibilities. With your indulgence, I will take a few moments at the opening of the meeting to discuss with you our concept of the "unitary United Nations."

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[5] Source: Department of State *Bulletin*, October 1989, pp. 74–75. Bolton's address was before the Geneva group's consultative-level meeting.

In the course of formulating the Bush administration's diplomacy toward the UN system, it struck me that we should have a policy that treated the United Nations comprehensively. (Let me say at the outset that this analysis does not in any way implicate the IMF, IBRD, or GATT.) Instead of a series of unrelated policies toward each UN component, I felt that we needed to address the UN system in much the same way as the U.S. State Department's regional bureaus interact with the governments in their respective regions. Just as an action taken toward one specific country affects overall regional relationships, by analogy, so, too, do the actions of individual UN agencies affect the operation of the entire system. For example, the handling of UNDP support costs, which we will discuss, has a direct bearing on the assessed budgets of the specialized agencies.

The unitary United Nations concept provides us with a basis to deal coherently with the UN system on both budgetary and policy grounds. We have all noted the proliferation of committees, councils, conferences, and meetings, all of which cover essentially the same issues. Numerous governing bodies (however denominated) all spend precious time and fiscal resources discussing precisely the same issues, often in several different cities. Moreover, almost all components of the UN system have expanded their programs beyond their originally intended missions and are now duplicating each other's work. Moreover, there is always the risk of creating even more new organizations, with substantial budgetary claims, when existing agencies could handle emerging problems.

Following the unitary United Nations concept would provide us with a principled rule of decision to prune the thicket of UN governing bodies. It would also permit us to redefine the proper limits of each UN component's responsibilities and help avoid empire building and turf fighting. By adhering to the original intent underlying the creation of each UN component, we should achieve not only budgetary savings but also create a greater sense of political responsibility among member governments and secretariats.

Under a unitary United Nations concept, even if some elements of the system were to take on new responsibilities, we are not suggesting that the Geneva group abandon its policy of zero real growth. Indeed the possibility of added responsibilities increases the need for maintaining tight budgetary discipline. In fact, I view the unitary United Nations concept as a logical next step beyond the policy of zero real growth, which is now only applied component by component. But in implementing a policy of zero real growth, we must recognize that there will be instances where some agencies must grow to respond to new and emerging developments. Otherwise they will stagnate, and initiatives will be taken by other organizations which do not have the expertise or qualifications to do so in the most effective way possible. Any such growth, however, must be offset by reductions in other organizations so as to maintain zero real growth throughout the UN system. Difficult choices must be made not only by the secretariats but by us, the member governments; ultimately, the burden of identifying and enforcing priorities rests with us. As we have seen, it is not easy to achieve cutbacks in agency functions, but if we want to strengthen the UN system, it is incumbent upon us to take a hard look at the various components in order to rationalize and harmonize their operations.

My reference to the concept of the unitary United Nations should not be misinterpreted. I am not now suggesting a change in the mandate of the Geneva group. I well understand that the Geneva group does not address the whole of the UN system and that its mandate explicitly is limited to concern for administrative, budgetary, and financial issues related to the basic infrastructure of the UN system, i.e., the regular assessed budgets of the specialized agencies and the IAEA. However, we must recognize that this infrastructure influences, and is influenced by, a much larger whole. We believe more attention must be given to this larger whole in order to be effective in addressing our concerns about the basic infrastructure.

Let me also make clear that my use of the concept of the unitary United Nations does not mean that I am advocating central control in the UN system. I fully recognize that many of our substantive interests in the UN agencies are fostered and protected by the pluralism of the UN system. I am familiar with the longstanding efforts of some to do away with this pluralism in order to allow the whole of the UN system to be tightly orchestrated by a politicized majority in the UN General Assembly. It is because of the pluralism of the UN system, and our interest in maintaining this pluralism, that I urge the concept of the unitary United Nations. The lack of effective central control in the UN system increases the need for us, the member governments, to guide our participation in the different UN agencies with an eye on the overall system.

One example of the concept of the unitary United Nations at work is in deciding upon the appropriate role of the UNDP for the 1990s. We believe that the UNDP should play a more vigorous coordinating role. Over the years, UNDP has been weakened considerably, since agencies are taking it upon themselves to do what is properly in UNDP's realm. Indeed, if the Geneva group is to be effective in assuring the best use of resources by the United Nations' technical agencies, it will be essential that we assure a clearer division of labor between the UNDP and the technical agencies. Further, there needs to be improved communication among the major donors on the relationships between bilateral and multilateral assistance programs. The current state of play, all too often, means that resources are wasted or that we work at cross purposes in the management of a unitary UN system.

This is important because we recognize the great and growing need for the work of the UN system. In addition to the recent major increase in UN peacekeeping activities, still more can be expected. More directly related to our work at this meeting are the significant transnational problems increasingly being addressed. Certainly, the UN system has the potential to help deal with issues such as drug control, terrorism, refugees, AIDS, human rights, and the host of environmental problems.

Based on the reforms initiated in the United Nations and in the major specialized agencies, and on the important UN peacekeeping activities recently undertaken, President Reagan decided last year to seek restoration of U.S. financial support to the United Nations and its affiliated agencies. He included in the fiscal year (FY) 1990 budget essentially full funding for U.S. assessed contributions to the organizations of the UN system. As indicated in our paper, President Reagan also included in the FY 1990 budget the first step in a multiyear plan for payment of outstanding U.S. arrearages. This commitment to restore U.S. financial support for the UN system has been strongly endorsed by President Bush. Final approval of the budget requests by Congress remains uncertain, but we are hopeful for support of President Bush's program on Capitol Hill.

In conclusion, I want to stress that the United States looks forward to important opportunities in the UN system for dealing with critical world problems. The renewed confidence in the UN system must be further strengthened and maintained; we must guard against allowing the expected return of financial stability to result in renewal of wasteful practices. This will require continued vigor by the Geneva group in insisting on value for money. However, building on what we have achieved in recent years, we must go a step further in identifying and enforcing priorities for the UN system as a whole in order to be sure that our financial resources are being well used. I urge that—within our own governments—we all place more emphasis on what I have called the unitary United Nations.

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66. The United States and UNESCO

Statement by the Assistant Secretary of State for International Organization Affairs (Bolton), September 19, 1989[6]

Mr. Bolton. The United States withdrew from UNESCO at the end of 1984 because of that body's excessive politicization, long-term lack of budgetary restraint and poor management. In his letter of December 28, 1983,[7] giving notice to then Director General M'Bow of the United States' intention to withdraw, Secretary Shultz stated, "We have been concerned that trends in the policy, ideological emphasis, budget and management of UNESCO were detracting from the organization's effectiveness." He also noted,

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[6] Source: *The United States and UNESCO: 1989: Hearing Before the Subcommittee on International Operations of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 30–33. Chairman of the subcommittee, Mervyn Dymally, presided over the session.

[7] For text, see *American Foreign Policy: Current Documents, 1983*, pp. 282–283.

"These trends have led UNESCO away from the original principle of its constitution."

We point out in the statement that, something that I think it is important that you understand on the subcommittee, although we withdrew, we kept an observer mission in Paris. They have participated in the various bodies that meet to discuss budget and program.

Our voice in the intervening 5 years has very much been in evidence. We continued to work actively with our allies and the UNESCO Secretariat in order to get the kind of reform that we thought was necessary.

We welcomed the promise for a real change of focus at UNESCO when Frederico Mayor was elected Director General in November 1987. Mr. Mayor acknowledged in public statements the need for budgetary restraint and improved management, and affirmed that UNESCO should pursue a less controversial, more practical agenda which would be broadly acceptable to all of its membership. He announced his intention to depoliticize the program, upgrade the staff, introduce management reform, and base UNESCO's policy direction and program action firmly on its constitution.

Unfortunately, these goals have been more easily articulated than achieved. We have attempted to maintain an open dialog with Mr. Mayor. Since my confirmation in early May I have met with him personally three times, most recently on August 26 for over an hour and a half discussion of our concerns about UNESCO.

I want to stress again we have continued to encourage Mr. Mayor in his reform efforts.

Reference was made in the earlier testimony to the medium-term plan in the biennial budget that will be coming up for approval by the governing conference later this fall. So the procedure is clear: the Executive Board meets twice before the General Conference. What was recently concluded was the first of two board meetings. There will be another in the fall followed by the General Conference.

It will be the General Conference action that sets the final medium-term plan and budget. The process starts when the Director General submits his budget and plan. As submitted by Mr. Mayor, the new plan and budget were, frankly, a disappointment to us. On the programmatic side, these proposals do not achieve the degree of concentration we hoped or expected. Rather the reduction of major programs appears to result more from a bureaucratic reshuffling than substantially refocusing and change.

We have discussed these questions at length with the Director General, but as of yet our concerns have not been satisfied.

Just a few months ago, the Director General's draft plan was considered by the UNESCO Executive Board, which passed by consensus a resolution recommending 31 pages of amendments, most of which were negative from the U.S. point of view. These are amendments that the member government had adapted to the medium-term plan. The plan as a whole was seriously politicized in the negotiating process; but it was the communications part that suffered most dramatically. At the beginning of his term Mr. Mayor said that it was his intention to get rid of the new world information and communication order.

During the deliberations of the Executive Board, a good communications program drafted by the UNESCO communications section was extensively changed. On pages 9, 10, and 11 of the testimony[8] we list a number of the changes. Let me give you one by way of example.

All references to the "Freedom of Information"—every single time those words appeared—they were modified by adding the phrase "and a wider and better balanced dissemination of information."

Now these changes are in a sense "U.N. speak". They represent buzz words that have been created in the international system. They perhaps do not sound as pernicious to a free press as they really are.

But this question of first amendment values is one which troubles me greatly in the UNESCO context. Our concerns with UNESCO's communications program are driven largely by our national commitment to freedom of speech, freedom of press and freedom of association guaranteed by the first amendment. These are not negotiable concerns.

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[8] Reference is to Bolton's prepared statement, reprinted in *The United States and UNESCO: 1989*, pp. 42–44.

It is critical that everyone understand that our views on these matters are not simply policy preferences. Rather, our position is grounded in principles of constitutional dimension that do not change according to changes that might be made in UNESCO personnel or rhetoric.

On pages 14 and 15 of the prepared text,[9] I discuss briefly some applicable constitutional principles. I think it's important that we appreciate that the communications section of the medium-term plan is not just a theoretical document, it is a programmatic document that guides the budget and ultimately the programs of UNESCO, so that when these concepts that are antithetical to a free press are introduced it really makes it impossible for the programs that UNESCO carries out to be modified.

But I would not want to leave the committee with the impression that it is only the communications issue which concerns us. It is emblematic of the broader continued politicization of UNESCO and also suggestive of a number of other problems we had.

The budget prepared by Mr. Mayor consists of several repackings of programs, but no major change in the programs themselves. In addition, it proposes a 2.5 percent real budget growth when we and all of the other major Western donors to the U.N. system have been requiring the other agencies of the U.N. system to have what we call "zero real growth" or, in a budget term familiar to us, to adjust to a current services level and no more.

Mr. Major's own budget is 2.5 percent over current services at a time when the United States finds it difficult to meet its assessed obligations throughout the U.N. system, and continues to find it difficult to begin to pay the arrearages which President Bush has pledged to pay off.

In addition, approximately 80 percent of the staff of UNESCO works in Paris, only 20 percent in the field. Earlier, some of the budget figures were noted about the concentration of spending in Paris as opposed to the field, but I would not want to let the committee think these concerns are concerns only of the State Department.

We have received a draft report, which I mentioned in the prepared statement, from the Hammarskjöld Commission. It is a commission chaired by the son of Dag Hammarskjöld, himself a former international civil servant. The report was prepared at the request of UNESCO to assess its current administrative management situation. The key message of that draft report, and I am quoting now, is that "Leadership is required to turn UNESCO around so it can meet its objectives with efficiency and effectiveness."

The executive summary of the report also says, and again I am quoting:

> On the basis that there is low morale, overstaffing, poor productivity and information flow, the group has concluded that there is a crisis in UNESCO arising out of inadequate leadership and shortcomings in UNESCO's cultural and organizational structure.

I would be happy to provide copies of this draft report to the committee, if you are interested.[10]

MR. DYMALLY. Yes, thank you very much.

[The information follows:][11]

MR. BOLTON. Just as another example, a recent article in the *International Herald Tribune* is headlined, "Adrift Among Good Intentions." I would be happy to submit a copy of this article as well to the subcommittee. The headline, I think, accurately summarizes where UNESCO is.[12]

Let me touch briefly on the question of the PLO's application for membership in UNESCO. Right after I was confirmed in early May, I went immediately to Geneva for the opening of the World Health Assembly where the PLO had applied for membership in the World Health Organization[13] after a protracted battle that I won't worry you with the details of, later on May 12 we defeated the PLO's application, getting a deferral until the next World Health Assembly.

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[9] Reprinted *ibid.*, pp. 47–48

[10] Information retained in the subcommittee files. [Footnote in the source text.]

[11] Brackets in the source text.

[12] Information retained in the subcommittee files. [Footnote in the source text.]

[13] See Document 206.

The next business day I went to Paris to speak to Mr. Mayor to underline our concerns about the PLO's application. And I told him at that time that if the PLO were admitted, it would effectively end any further U.S. reconsideration of rejoining UNESCO.

Since that time, the Executive Board has come up with a deferral resolution that is unacceptable to us in a number of respects because of additional benefits it confers on the PLO. This is a pattern that, unfortunately, started at the World Health Assembly. We were able to break that pattern recently at the World Tourism Organization, where the PLO's application was straight-out deferred.

If Mr. Mayor's compromise holds together, then the General Conference will defer the application until 1991. But I am not at all sure that the deal will hold, and I say that because we have communicated to the PLO through the Tunis Channel on a number of occasions. We had told the PLO that their campaign for membership in international organizations was poorly advised, and we were told by the PLO, again through the Tunis Channel some time ago, that the PLO was going to freeze its campaign for membership.

Subsequent to that, the PLO did apply for membership in the World Tourism Organization and did attempt to accede to the Geneva conventions. I have to say I am left uncertain what the PLO is going to do in UNESCO later this fall. It may be the deal will hold; it may not. We are going to have to see what happens when we get to the General Conference.

Finally, Mr. Chairman, let me conclude by saying that we do continue to work hard to bring about the reforms in UNESCO that are necessary and, at this point, the administration has not made a decision one way or the other about whether to seek readmission. Much will depend on what happens this fall. I would be happy to answer any questions that the committee may have.

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Chapter 7. Oceans and International Environmental and Scientific Affairs

67. "The Need To Reconcile . . . Economic Development and a Safe Environment"

Statement by Secretary of State Baker, January 30, 1989[1]

I am very pleased to have the opportunity to join you this morning, however briefly, and to welcome you to the Department of State. You are the first official group that I've had the pleasure of welcoming to the Department.

I would also like to welcome Bill Reilly, who is here with us this morning— President of the World Wildlife Fund and the Conservation Foundation. Bill has let President Bush talk him into becoming the nominee for the post of Administrator of the U.S. Environmental Protection Agency, and it's my fervent hope, Bill, that nothing you hear at this conference this morning will cause you to change your mind.

The truth is, though, as I don't need to tell those of you who are here, we face some very difficult problems. It is also true, though, that we now recognize them to be problems, and in my experience in government, that is at least half of the battle.

Some months ago President Bush said, "We face the prospect of being trapped on a boat that we have irreparably damaged—not by the cataclysm of war but by the slow neglect of a vessel we believed to be impervious to our abuse."

The establishment of the Intergovernmental Panel on Climate Change and this meeting of the panel's Response Strategies Working Group, I think, shows beyond a doubt that this is a transnational issue. We are all in the same boat. And as I put it in my testimony to the Senate recently, "The tides and the winds can spread environmental damage to continents and hemispheres far removed from the immediate disaster."

So if I may borrow a phrase from the environmentalists, the political ecology is now ripe for action. We know that we need to act, and we also know that we need to act together. That is what this meeting is all about.

But I would take it even a step further. One of the big advantages of being Secretary of State is that because I am not a scientist, I am, therefore, not called upon to assess the evidence, especially on global climate change. Yet it is also clear, I think, that we face more than simply a scientific problem. It is also a diplomatic problem of when and how we take action. And here, if I might, I would like to make four points.

The first is that we can probably not afford to wait until all of the uncertainties have been resolved before we do act. Time will not make the problem go away.

The second is that while scientists refine the state of our knowledge, we should focus immediately on prudent steps that are already justified on grounds other than climate change. These include reducing CFC emissions, greater energy efficiency, and reforestation.

The third is that whatever global solutions to global climate change are considered, they should be as specific and cost-effective as they can possibly be.

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[1] Source: Department of State *Bulletin*, April 1989, p. 13. The statement was made before the Response Strategies Working Group of the Intergovernmental Panel on Climate Change at the Department of State.

The fourth is that those solutions will be most effective if they transcend the great fault line of our times—the need to reconcile the transcendent requirements for both economic development and a safe environment.

Without in any way downgrading the difficulty of the task, I would conclude by noting that progress generally results when common interests are joined to a common understanding. This meeting and others like it will play a crucial role in moving us all toward that common understanding of what we must do to protect and to preserve our environment.

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68. U.S. Responsibilities in International Fisheries Matters

Statement by the Deputy Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs (Wolfe), May 2, 1989[2]

I am pleased to be here today to discuss the reauthorization of the Magnuson Fisheries Conservation and Management Act.[3] I would like to say at the outset that, from the perspective of the Department of State, the act and its implementation have been a noteworthy success. The Department has no changes to recommend to the act.

As the subcommittee is aware, among the fundamental purposes of the Magnuson Act are to conserve and to manage U.S. fisheries resources, to promote domestic commercial and recreational fishing under sound conservation and management principles, and to encourage the development by the U.S. fishing industry of fisheries off the coasts of the United States. The principal role of the Department of State, in the process established by the act to achieve these purposes, has been to negotiate governing international fisheries agreements with foreign nations desiring to operate off the U.S. coasts and to allocate surplus American fisheries resources to fishermen from countries with which the United States has governing international fisheries agreements in force.

The principal fisheries policy which the United States has pursued since 1980 has been called the "Americanization" of fisheries in the U.S. exclusive economic zone (EEZ). Consistent with this policy, the Department of State and the Department of Commerce have followed the allocation criteria specified in Section 201 of the Magnuson Act. During the decade of the 1980s, direct allocations to foreign countries have fallen from a high in 1980 of 2,176,789 metric tons (MT) on both coasts, to 51,577 MT (Atlantic mackerel and by-catch species) thus far in 1989. The policy has been responsible for and, at the same time, has been driven by dramatic changes in our fisheries. The growth in the U.S. catch of Alaska pollock and the development of the squid fisheries on the east coast are two examples which come to mind. As the foreign fisheries declined, joint ventures expanded during the early part of the same period. Joint ventures, usually involving U.S. fishermen selling their catch to foreign vessels in our zone, reached a peak in 1986, when 1.5 million MT were caught. Americanization is rapidly reducing joint venture fishing operations each year, which is the intent of the law.

To send the diplomatic signal to foreign countries fishing in the U.S. EEZ that the United States was changing its approach with regard to bilateral fisheries agreements, we began several years ago to extend certain agreements for only a 2-year period. We have not renegotiated a governing international fisheries agreement for several years. Our approach has been to offer each governing international fisheries agreement nation the choice of accepting a 2-year extension of their existing agreement (with changes to make it conform with current U.S. law and policy) or to allow their agreements to expire. During the 1980s, the number of governing international fisheries agreements in force has been reduced from 17 to 9, counting the comprehensive bilateral fisheries agreement with the Soviet Union. I might note at this point that we do not have a goal of eliminating all governing international fisheries agreements, since in some cases they are a useful vehicle for arrangements, such as joint ventures, which may benefit U.S. fishermen during this stage of development of the U.S. fishing industry.

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[2] Source: Department of State *Bulletin*, July 1989, pp. 56–58. The statement was made before the Subcommittee on Fisheries and Wildlife Conservation and the Environment of the House Merchant Marine Committee. Chairman Gerry Studds presided at the hearing.

[3] P.L. 94–265, approved April 13, 1976; 90 Stat. 331.

From an international perspective, the problems which the Magnuson Act intended to address when it was written over a decade ago, for the most part have been resolved. That is, the United States is now fully controlling the fisheries resources off our coasts. In fact, for all practical purposes, foreign fishing in the U.S. zone has been eliminated. One might say that, in a sense, a chapter in U.S. fisheries relations with countries which traditionally fished off the U.S. coast has been closed.

We are now pursuing new and innovative methods of doing business with our foreign fishing partners. For example, we have been promoting the establishment of equity joint ventures between U.S. and foreign companies. Japan has participated in the development of several *surimi* [a processed fish product][4] processing plants in Alaska, and other countries are currently involved in other equity investment projects.

As we have gone about the process of reducing and, in fact, practically eliminating the foreign fishing off the U.S. coast, we have inevitably encountered a reaction from the foreign governments involved. While U.S. fisheries policy and corresponding actions have not been popular with our foreign colleagues, all of the foreign nations involved have accepted the reality of coastal state control over the management of coastal fisheries resources inside 200 miles and its inevitable consequence. I might add for the record that we have not experienced any serious foreign policy problems as a result of the phase-out of foreign fishing in our zone.

As one chapter of our international fisheries relations has come to a close, other international areas are requiring more of our attention. In some cases, these areas have long been the focus of considerable attention by the Department of State. We have important responsibilities in international fisheries matters other than the allocation of surplus resources to governing international fisheries agreement countries. Three broad areas of U.S. international fisheries interests come to mind.

The first area involves the question of how to deal with fishery stocks which are partly in the U.S. zone and partly in either the zones of neighboring countries or in the high seas areas beyond the 200-mile jurisdiction of any nation. For example, one of the main issues we face in the North Pacific is the dramatically increased level of fishing by third countries in the Bering Sea beyond 200 miles, the so-called donut area. In this region, fishing vessels from Japan, Korea, Poland, and China have concentrated their efforts and increased harvests of pollock from some 100,000 MT in 1984 to about 1.3 million MT in 1988. This is totally unacceptable. According to our scientists, this dramatic increase in fishing is adversely affecting economically vital U.S. pollock stocks as well as other stocks in the Bering Sea. We are currently working with the Soviet Union, the other Bering Sea coastal state, to develop measures for addressing the unregulated fisheries in the donut area. In these talks, the United States has proposed calling for a temporary moratorium on fishing in the donut by all countries, including the United States, until an adequate multilateral conservation regime for the region can be established.

Talks with the Soviet Union on mutual fisheries concerns will resume in Moscow in late May or early June. In addition to the Bering Sea donut issue, the two sides will discuss measures to conserve salmon on the high seas. Under a memorandum of understanding signed on February 9, both countries have agreed to the principle that high seas salmon fishing is a wasteful practice and should be eliminated. We also agreed to increase bilateral cooperation on high seas salmon enforcement issues. During the next meeting in Moscow, we will be discussing possible long-term regimes for the conservation of salmon throughout the North Pacific.

We also face a major conservation problem in the form of the large squid and tuna driftnet fleets from Japan, Korea, and Taiwan operating throughout the North Pacific. These fleets utilize daily some 30,000–40,000 miles of floating driftnet, which entangle those marine resources migrating through the fishing grounds. This type of wasteful and indiscriminate fishery takes large quantities of marine mammals, seabirds, and other nontarget living marine resources. In addition, if the fisheries operate in certain northern areas, they will intercept valuable U.S.-origin salmon. There is, in fact, evidence that squid driftnet vessels from Taiwan, and possibly other countries, are involved in illegal directed salmon fishing. For instance, the U.S. Coast Guard recently sighted several Taiwan squid driftnet vessels operating in an area that is closed to them. This incident has added to our concern with the activities of the driftnet fleets in the North Pacific.

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[4] Brackets in the source text.

Pursuant to the 1987 Driftnet Act,[5] we have been involved in talks with Japan, Korea, and Taiwan with the aim of reaching adequate agreements for the monitoring and enforcement of these driftnet fleets. Although we continue to actively press for such agreements, progress has been slow in some instances and practically nonexistent in others. We have faced resistance on the grounds that fisheries on the high seas should be controlled only by the flag state. If adequate agreements are not reached by June 29, the Driftnet Act requires that the Secretary of Commerce certify such fact to the President under the Pelly amendment. The President then has the discretion to place sanctions on imports of fisheries and aquatic products from the countries involved.

Soviet Union. On a more positive note, turning to the matter of neighboring countries, one approach to bilateral fisheries relations is the recently concluded comprehensive bilateral fisheries agreement with the Soviet Union,[6] which covers all aspects of our bilateral fisheries relationship. The agreement provides for access to each other's waters on a reciprocal basis and for cooperation on fisheries issues of mutual interest. The agreement also lays the groundwork for increased cooperation on bilateral fisheries science and research issues.

This landmark agreement, which was the product of 8 years of talks, provides U.S. fishermen, for the first time, access to the Soviet 200-mile zone. Because of ongoing economic restructuring efforts in the U.S.S.R., our Embassy in Moscow informs us that there is strong Soviet interest in establishing joint enterprises with foreign companies, especially in the field of fisheries. Several U.S. companies are now in the process of finalizing joint enterprises with their Soviet counterparts which will provide for joint harvesting, processing, and marketing of fish from Soviet waters.

The Soviet agreement also provides for increased bilateral cooperation on fisheries issues of mutual concern. As noted previously, one of the major issues both countries have been considering is the effect of the vastly increasing fishing levels in the Bering Sea donut on adjacent fish stocks in the U.S. and Soviet EEZs. We have also been working jointly to address the conservation of salmon in the high seas areas of the North Pacific. I believe we are making progress in this area.

Canada. The idea of reciprocal fishing arrangements may not be appropriate in other cases involving U.S. fisheries relations with neighboring countries. In the case of the U.S.–Canada fisheries relationship, for example, such an approach would likely be very controversial. On the U.S. side, there is no domestic consensus that the United States and Canada should have a more formal fisheries relationship involving reciprocal fishing rights or joint management efforts. As we know from past experience, unless such a domestic consensus exists, it is futile for the government to proceed. At the same time, we recognize the need for close cooperation with Canada on fisheries matters, since in some instances both countries are managing the same stocks of fish, and historically our overall fisheries trade and industry relationship has been a very close one.

Our approach has been to enhance U.S.–Canada communications on fisheries matters and to find as much common ground as possible on fisheries issues of mutual interest. At a minimum, we need to ensure that the different approaches to fisheries management used in the Canadian and U.S. systems do not conflict and thus counteract each other.

There are examples of cooperation between U.S. and Canadian fishing interests in some sectors. Canadian authorities in Nova Scotia have put in place minimum size restrictions which parallel our own. In the areas of enforcement, U.S. and Canadian authorities have taken steps to increase cooperation and reduce conflicts along the U.S.-Canadian maritime boundary. Also, we are in the process of attempting to arrange with Canada a jointly sponsored conference on the scientific basis for fisheries management, which we believe could be an important step in fostering better mutual understanding of each nation's management system. The U.S. approach to our fisheries relationship with Canada has been to proceed cautiously and to pursue, on a step-by-step basis, somewhat limited and hopefully achievable goals, consulting with Congress and U.S. fishing interests as we proceed. In recognition of the long-term fisheries relationship which we will inevitably have with Canada, it is our view that we should keep the door open for closer cooperation on fisheries management issues in the future. In an effort to enhance such cooperation, we have proposed that the two governments meet in the near future to exchange views on a variety of fisheries matters.

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[5] P.L. 100–220, approved December 29, 1987; 100 Stat. 1458.

[6] Agreement on Mutual Fisheries Relations, with Annexes, signed by the United States and the Soviet Union at Moscow, May 31, 1988, entered into force October 28, 1988; *Agreement Between the United States Government and the Government of the Union of Soviet Socialist Republics on Mutual Fisheries Relations*, One Hundredth Congress, Second Session, House Doc. 100–207 (Washington, 1988).

Mexico. The United States also has an important fisheries relationship with Mexico which will require more of our attention in the years ahead. Leaving aside for the moment the question of tuna, which is probably the most important aspect of our fisheries relationship with Mexico, we do have important fisheries interests in both the Gulf of Mexico and off the Pacific coast which require cooperative efforts on the part of both countries. For example, in the gulf there are stocks of fish such as mackerel which, in effect, are shared stocks migrating throughout the 200-mile zones of both Mexico and the United States. On the Pacific side, the same situation pertains to such fish stocks as northern anchovy and coastal migratory species which move along the coasts of both California and Baja, California. In the long run, the United States and Mexico need to work closely together in order to most effectively manage these shared stocks of fish. I recently had a very productive meeting with the new Mexican Secretary of Fisheries and other Mexican officials, and we plan to have a second meeting later this month.

A second broad international fisheries area which is the responsibility of the Department of State involves the conservation and management of anadromous U.S. fisheries resources beyond the U.S. 200-mile zone. Such conservation and management is, in my opinion, one of the more important purposes of the Magnuson Act. Our conservation efforts are complicated by the fact that foreign fleets may take U.S.-origin salmon beyond the U.S. exclusive economic zone. It seems clear that a cooperative international effort is mandatory if we are to do effectively the job required of us under the act. As I noted earlier, the driftnet negotiations with Japan, Korea, and Taiwan represent one of our major efforts to address salmon management issues. However, I would be less than candid if I reported to the committee that all of the involved countries have been cooperative.

In recent years we have also been involved in other international action to conserve U.S.-origin salmon on the high seas. In the early 1980s, the Department, through the International North Pacific Fisheries Commission, raised the issue of excessive salmon harvesting by the Japanese salmon fleet. As a result, the Japanese imposed new area restrictions on their fleet in 1982 in order to reduce the interception of North American salmon. In 1986, the Department negotiated an amendment to the commission whereby Japan would cease fishing for salmon in the high seas area of the Bering Sea by 1994.

As noted earlier, the Department is also currently seeking new ways to cooperate with the Soviet Union toward better conservation of salmon in the North Pacific. Toward this end, we signed a memorandum of understanding in February of this year at the Soviet Embassy which provides for increased sharing of information and cooperative enforcement against high seas salmon poaching. This was the first U.S.-Soviet agreement signed during the Bush administration. The Department is continuing to explore every avenue, consistent with international law, to conserve U.S. salmon on the high seas.

I might make the observation at this point: that it was considerably easier to deal with these management issues beyond our zone when there were U.S. fisheries resources to allocate to the foreign nations with which we have to negotiate. A few years ago, when there were surplus U.S. fisheries available for allocation to foreign nations, we had considerable leverage with which to help us achieve our goals. Now that we do not have—and are not likely to have—any surplus U.S. fish to use as a negotiating carrot, it is more difficult for us to persuade foreign governments to reduce their fishing or undertake other economically disadvantageous actions with regard to their fisheries beyond 200 miles. As I am sure the chairman recalls, the U.S. "fish and chips" policy was an important tool in achieving our goal of full utilization and development of U.S. resources by U.S. fishermen in our EEZ. It is unclear whether under these circumstances the United States will be able to achieve all that it wants, but we are determined to do our best with the situation facing us.

A third broad area of international fisheries which is the responsibility of the Department of State involves the so-called distant water fisheries which are conducted by U.S. flag vessels. To a considerable extent, these activities are not really a part of the Magnuson Act process, although one of the act's purposes is to support and encourage international fisheries agreements for the conservation and management of highly migratory species. While the United States has other distant water fisheries interests, tuna is the most important distant water fishery which we have. The U.S. tuna industry continues to be one of the major U.S. fisheries, and, indeed, it is one of the world's major tuna industries. The Department has expended considerable effort around the world in attempting to negotiate both conservation and access arrangements involving U.S. tuna vessels. One of our more notable recent successes was the negotiation and entry into force of the South Pacific Regional Fisheries Agreement,[7] which provides access for the U.S. tuna fleet, for 5 years, to a 10-million-square-mile area of the western Pacific Ocean. Sixteen Pacific island countries are parties to this treaty.

In the eastern Pacific, we have been encouraged by recent developments which offer new hope for the negotiation of a comprehensive tuna management organization for the eastern tropical Pacific. The Inter-American Tropical Tuna Commission continues to do an outstanding job in monitoring the status of the tuna and porpoise stocks of the eastern tropical Pacific Ocean. In the Atlantic, we believe that the International Commission for the Conservation of Atlantic Tunas has been very effective in providing a mechanism for effective conservation and management of Atlantic tuna and billfish species.

In closing, let me reiterate that the Department of State believes—in terms of international fisheries matters as they relate to the Magnuson Act—that we have successfully achieved the intent of the act and the "Americanization" of the U.S. zone. A chapter has been closed. The new chapter is evolving which will require international cooperation, albeit differently, to continue to advance U.S. fisheries interests.

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69. Observance of World Environment Day; U.S. Ban on Imported Ivory

Statement by President Bush, June 5, 1989[8]

Over the last several years, people all over the world have become more and more concerned about the global environment, the warming of the world's climate, the depletion of the ozone layer, the loss of plant and animal species, our mounting waste disposal problems, and the pollution of the oceans. These are enormous challenges which cannot and should not be minimized.

But at the same time, on this anniversary of World Environment Day, I am optimistic about the future. Here in the United States we have made remarkable progress in cleaning up our air and water. We have shown what we can do when the will is there and we work together. I believe that the world community of nations can, and indeed must, make that same kind of progress on a global scale. We may speak different languages and worship God in different ways, but we all share the same Earth. If we can probe the depths of space and engineer the genetic building blocks of life, we can surely protect the quality of our environment. We just need the will to do it.

I would like to take this occasion to announce that the United States intends to ban the importation of elephant ivory from all countries. We do this out of mounting concern for the rapid decline of the wild elephant, one of nature's most majestic creatures. If their populations continue to diminish at current rates, the wild elephant will soon be lost from this Earth. We urge the nations of the world to join us in this ban. We further urge the countries responsible for the elephant to practice sound stewardship of these precious creatures so they will not be lost to future generations.

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[7] Multilateral Fisheries Agreement, signed at Port Moresby, New Guinea, on April 2, 1987; *Fisheries Treaty With Certain Pacific Island States: Message From the President of the United States*, U.S. Senate, One Hundredth Congress, First Session, Treaty Doc. 100–5 (Washington, 1987), pp. 1–46.

[8] Source: *Weekly Compilation of Presidential Documents*, June 12, 1989, p. 846.

Document 69

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70. U.S. Agreement To Reduce Smog Pollutant

Statement by the President's Press Secretary (Fitzwater), July 14, 1989[9]

Yesterday the United States formally accepted the Nitrous Oxides (NOx) Protocol to the Convention on Long-Range Transboundary Air Pollution (LRTAP)[10] by depositing its instrument of acceptance with the Secretary-General of the United Nations. This protocol is fully consistent with the goals set out by the President in his proposals for the Clean Air Act.

The LRTAP Convention was adopted in 1979, under the auspices of the United Nations Economic Commission for Europe (ECE). The ECE includes the United States, Canada, and the countries of Western and Eastern Europe, including the Soviet Union. The NOx Protocol was signed last November by 25 ECE nations, including the United States. The United States is the third country to formally accept the agreement. When ratified by 16 nations, the protocol will require most participating countries to freeze NOx emissions or their transboundary flows at 1987 levels by the beginning of 1995.

The protocol allows nations such as the United States, which had already begun a NOx reduction program before the negotiations began, to use a different base year if they choose. The United States indicated at the time of signing that it would use 1978 as its base year. NOx emissions in the United States were 21.1 million metric tons (mmt) in 1978.

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71. The Relationship Between Environment and Development

Statement by the Secretary of the Treasury (Brady), September 25, 1989[11]

I am pleased to participate in this afternoon's session of the Development Committee meeting. The relationship between environment and development presents a large and rapidly expanding set of issues. We need to focus our attention on those issues and provide greater guidance to the Bank.

Environmental issues are of particular and paramount importance to the United States. At the meeting of heads of state and government in Paris in July, President Bush expressed his concern about the dangers to the environment that now exist and his commitment to seek higher levels of protection for the environment.[12] Other heads of state were clearly in agreement and the Summit countries have received a strong mandate specifically encouraging the World Bank and the regional development banks to integrate environmental considerations into their activities.

First, let me say that the World Bank has made significant progress on environmental reform over a period of several years. In addition to the Operational Directive on Environmental Assessments—to which I will return—there are many examples of those reforms: environmental issue papers, environmental action plans, regional studies, policy and research initiatives, efforts to mitigate or eliminate the adverse effects on the environment of individual programs, and the provision of environmentally-beneficial loans in several sectors. I congratulate the Bank management and staff on what they have achieved thus far.

However, there is an urgent requirement for us to deal more effectively with environmental issues. Serious threats to the atmosphere could lead to permanent changes in our climate. Pollution is fouling our air, lakes, rivers, seas, and oceans. Desertification and deforestation undermine our natural resource base and threaten our prospects for greater growth in the future. Left unattended, they could have devastating and far-reaching effects in those countries and throughout the world. We need to develop more innovative and imaginative solutions to these problems and we need to act more quickly and decisively.

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[9] Source: *Weekly Compilation of Presidential Documents*, July 24, 1989, p. 1098.

[10] Done at Geneva, November 13, 1979; entered into force, March 16, 1983; TIAS 10541.

[11] Source: *Treasury News*, Department of the Treasury, September 25, 1989.

[12] See Document 63.

Last spring, we called for the establishment of environmental impact assessment procedures and for increasing public access to environmental information about specific projects and programs. We are particularly pleased that an Operational Directive on those procedures has now been put into effect. We encourage the Bank to release the Directive to the public and to solicit comments from public interest groups and nongovernmental organizations that are directly involved in environmental issues.

It is important that the Bank also make progress in making available to the public information on the environmental impact of individual projects. We therefore call on the Bank to make comprehensive summaries of Environmental Assessments about specific projects and programs available to the public at least 120 days in advance of board consideration. Public participation is an essential element of the environmental impact assessment process. Local community groups that are directly affected by the Bank's projects and programs should have the chance to provide comments. Other outside sources can provide much-needed expertise. Neither can contribute unless they have the information to participate effectively. They can help us avoid costly mistakes that will have to be corrected later on.

I also encourage the Bank to accelerate its efforts to promote energy efficiency and conservation. End-use efficiencies, renewable energy technologies, and least-cost planning in borrowing countries all need added impetus. Technical staff with expertise in these areas should be brought on board. The studies and reports now being produced bv the Energy Sector Management Assistance Program should become better integrated into the Bank's lending operations.

The staff background paper indicates that greater attention is now being paid to environmental considerations in forestry projects. A number of new forestry projects are said to be underway, all of them with environmental elements. Yet the Bank does not yet have specific standards for evaluating projects that might adversely affect tropical moist forests. It should develop an appropriate set of standards and it should work cooperatively with other donors to secure wider international acceptance for those standards.

In negotiations for the replenishment of IDA resources, my government has actively pursued agreement on a set of environmental goals. I have already mentioned some of these goals today:

—environmental impact assessment;

—public access to environmental information;

—energy information and conservation.

There are, however, two other particularly worthy environmental goals that need to be pursued. The Bank has completed few environmental action plans. These plans provide an important framework for environmental work. They can be extremely useful not only to the Bank but also to other donors. I encourage the Bank to increase the number of such plans it will complete over the next several years.

I also encourage the Bank to become more active in promoting debt-for-nature swaps. In some countries, such swaps could be funded as part of project or sector loans that include environmental components. In other countries, the Bank would not need to fund debt buybacks, but could serve as a catalyst in bringing government officials and private parties together.

I recommend that we discuss environmental issues again at our meeting in the spring, reviewing the progress report that will be prepared. In that report, we would be particularly interested in reviewing progress in implementing environmental impact assessments, access to information, energy efficiency, conservation and forestry programs, and environmental action plans.

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72. Atmospheric Pollution and Climate Change

Statement Issued by the White House, November 7, 1989[13]

President Bush announced today that the United States has agreed with other industrialized nations that stabilization of carbon dioxide (CO_2) emissions should be achieved as soon as possible. The United States also agreed that it is timely to investigate quantitative targets to limit or reduce carbon dioxide emissions. The United States was joined by over 70 countries attending the Ministerial Conference on Atmospheric Pollution and Climate Change in Noordwijk, The Netherlands.

In joining the declaration at the Ministerial Conference,[14] the United States recommended that international funding be directed toward funding a chlorofluorocarbons (CFC's) phaseout in developing countries and promoting efficient use of energy. In addition, the declaration:

—urges all countries to take steps individually and collectively to promote greater energy conservation and efficiency;

—recognizes the need to stabilize the emissions of carbon dioxide and some other greenhouse gases, while ensuring sustainable development of the world economy;

—agrees that developing countries will need to be assisted financially and technically;

—urges all countries to join and intensify the ongoing work in the Intergovernmental Panel on Climate Change (IPCC) with respect to a framework convention.

The President said, "I asked my EPA Administrator, Bill Reilly, and my Science Advisor, Allan Bromley, to continue the leadership role which the U.S. has performed since the Intergovernmental Panel on Climate Change was formed in 1988."

The President also praised the Conference for providing the United States an excellent opportunity for useful consultations, both informally and formally, with many of the participating countries, including many countries that have not previously been active in the IPCC process. President Bush also noted that such conferences contribute substantially to the growing consensus among policy makers with respect to global climate change.

William Reilly, the Administrator of the Environmental Protection Agency, and Dr. Allan Bromley, Science and Technology Advisor to President Bush, emphasized during the Conference that the United States currently devotes $500 million to the study of issues related to climate change and plans to increase this to about $1 billion in FY 1991. Additionally, through such measures as the Clean Air Act,[15] more stringent fuel efficiency standards for automobiles, aggressive energy conservation, and reforestation programs, among others, the United States is already playing a leading role in reducing CO_2 emissions. The President announced in March that the United States was committed to total phaseout of CFC's by the year 2000. CFC's account for about 25 percent of United States greenhouse emissions.

The United States delegates emphasized their support for the IPCC process in which it chairs the Response Strategies Working Group, one of three such working groups. The IPCC will hold a plenary meeting in Washington, DC, in February 1990. Special reports on the science, effects, and responses to global warming will be available later in 1990.

In parallel with this work, a working group of the Domestic Policy Council, chaired by Dr. Allan Bromley, is undertaking an intensive program examining the potential impacts of climate change and their associated economic consequences. With the results of these working groups and the IPCC report in the fall of 1990, the United States expects to play a leading role negotiating the framework convention anticipated to be called for by the IPCC process. The United States is currently developing policies based on sound analyses to guide national and international actions directed toward eventual solutions to greenhouse problems.

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[13] Source: *Weekly Compilation of Presidential Documents*, November 13, 1989, pp. 1700–1701.

[14] See *infra*.

[15] P.L. 95–95, approved August 7, 1977; 91 Stat. 726.

73. "The Composition of the Earth's Atmosphere Is Being Seriously Altered"

Declaration of the Ministerial Conference on Atmospheric Pollution and Climate Change, Noordwijk, Netherlands, November 7, 1989[16]

(1) The composition of the earth's atmosphere is being seriously altered at an unprecedented rate due to human activity. Based on our current understanding, society is being threatened by man-made changes to the global climate.

(2) While there are still uncertainties regarding the magnitude, timing and regional effects of climate change due to human activity, there is a growing consensus in the scientific community that significant climate change and instability are most likely over the next century. Predictions available today indicate potentially severe economic and social dislocations for future generations. Assuming these predictions, delay in action may endanger the future of the planet as we know it.

(3) Fortunately there is a growing awareness among the world population and their political leaders that action is needed. The basic principle of ecologically sustainable development has gained wide currency following the report of the World Commission on Environment and Development. This principle should be fundamental to efforts to tackle the problem of climate change and atmospheric pollution. The protection of the ozone layer is being addressed by the 1985 Vienna Convention on the Protection of the Ozone Layer[17] and the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer.[18] Further strengthening of control measures contained in the Protocol was called for at the London Conference on Saving the Ozone Layer in March 1989 and the first meeting of the parties to the Montreal Protocol at Helsinki in May 1989. A decision will be taken by the second meeting of the contracting parties to be held in London in 1990. The process aims at phasing out the production and consumption of chlorofluorocarbons (CFCs) controlled under the Montreal Protocol by the year 2000 by the developed countries. They should also phase out other controlled substances which deplete the ozone layer as soon as feasible. Developing countries should also phase out these substances as soon as possible after their technology and resource needs are met.

(4) Global warming is being addressed by the Intergovernmental Panel on Climate Change (IPCC), which was established by UNEP, and WMO, and recognized by UN General Assembly Resolution 43/53 on protection of global climate for present and future generations of mankind. The Hague Declaration of March 1989 put forward challenging ideas for international cooperation, and legal and institutional measures. The 15th session of the UNEP Governing Council and the XLI session of the WMO Executive Council in 1989 requested their executive heads to begin preparations for negotiations on a framework convention on climate; these negotiations should be initiated as soon as possible after the interim report of the IPCC is adopted. This interim report will be reviewed at the Second World Climate Conference in November 1990. The 1989 Economic Summit agreed that a framework convention on climate change setting out general principles was urgently required and that specific protocols containing concrete commitments could be fitted into the framework as scientific evidence requires and permits.[19] The Economic Summit also strongly advocated common efforts to limit emissions of carbon dioxide and other greenhouse gases. The July 1988 declaration of the states, parties to the Warsaw Treaty, and the meeting of non-aligned countries in Belgrade in September 1989 also addressed the issue of climate change. The Tokyo Conference on Global Environment and Human Response Towards Sustainable Development was held in September 1989. The Langkawi Declaration on Environment issued by the Commonwealth Heads of Governments in October 1989 stated the need to take new action to address the serious deterioration in the environment, including climate change. Given this base it is now time for governments of all countries to commit themselves to the IPCC, to

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[16] Source: Department of State files.

[17] Done at Vienna March 22, 1985; for text, see *International Legal Materials*, Vol. 26, No. 6 (1987), pp. 1516–1640.

[18] Signed at Montreal September 16, 1987, for text, see *ibid.*, pp. 1550–1561.

[19] See Document 62.

strengthen and to extend the process of addressing climate change.

(5) Measures to limit climate change will have other significant benefits such as reducing acidification, protecting the ozone layer, preserving biodiversity, and other natural resources, preventing mean sea-level change and promoting sustainable development.

(6) The Conference recognizes the principle of the sovereign right of states to manage their natural resources independently. The Conference also reaffirms that global environmental problems have to be approached through international co-operation. Solving the external debt problem of developing countries and establishing fair economic and commercial relationships between industrialized and developing countries would assist developing countries in creating appropriate conditions to protect the environment.

(7) Climate change is a common concern of mankind. All countries should now, according to their capabilities and the means at their disposal, initiate actions and develop and maintain effective and operational strategies to control, limit or reduce emissions of greenhouse gases. As a first step, they should take those actions which are beneficial in their own right. Industrialized countries, in view of their contribution to the increase of greenhouse gas concentrations, and in view of their capabilities, have specific responsibilities of different kinds: (i) they should set an example by initiating domestic action, (ii) they should support, financially and otherwise, the action by countries to which the protection of the atmosphere and adjustment to climate change would prove to be an excessive burden, and (iii) they should reduce emissions of greenhouse gases, also taking into account the need of the developing countries to have sustainable development. Developing countries establishing industrial facilities for the first time have a unique opportunity to include up-to-date technologies for controlling the emissions of greenhouse gases.

(8) For the long-term safeguarding of our planet and maintaining its ecological balance, joint effort and action should aim at limiting or reducing emissions and increasing sinks for greenhouse gases to a level consistent with the natural capacity of the planet. Such a level should be reached within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and permit economic activity to develop in a sustainable and environmentally sound manner. Stabilizing the atmospheric concentrations of greenhouse gases is an imperative goal. The IPCC will need to report on the best scientific knowledge as to the options for containing climate change within tolerable limits. Some currently available estimates indicate that this could require a reduction of global anthropogenic greenhouse gas emissions by more than 50 per cent. These estimates should be the subject of further examination by the IPCC.

(9) While striving to preserve the global environment, it is important to work at the same time to ensure stable development of the world economy, in line with the concept of "sustainable development." Effort and action should include: (i) the phasing-out of CFCs controlled by the Montreal Protocol, which are responsible for about one fifth of projected global warming, by national action and international co-operation in the context of the Montreal Protocol. This includes financial assistance and transfer of technology and information. In this connection, it is important that the substitutes for CFCs also should not contribute significantly to the global warming problem; (ii) action especially by industrialized countries to limit or reduce CO_2 emissions; (iii) action to reduce deforestation, prevent soil erosion and desertification, increase afforestation and sound forest management in the temperate as well as the tropical zones; (iv) action to limit or reduce the emissions of all greenhouse gases other than CO_2 and their precursors and to increase the sinks for such substances; and (v) intensified efforts for technological breakthroughs, for example with regards to renewable energy and removal and reutilization of CO_2.

(10) The conference recommends that appropriate fora, including the IPCC, consider the necessity and efficiency of the introduction of the concept of CO_2-equivalence. This would provide a single parameter to describe the radiative effects of the various greenhouse gases, including CFC's. Such a concept, after taking into account other environmental considerations, creates a basis for negotiations in response measures for different greenhouse gases in the most cost-effective manner. The Conference further recommends the development of common definitions and

the harmonization of methods to calculate CO_2 emissions.

(11) All countries should increase co-operation in developing new, environmentally sound technologies, to improve existing technologies and increasingly to use these technologies to limit climate change or adapt to it. Maximum use should be made of existing international organizations, institutions and mechanisms, governmental and non-governmental, for technology co-operation with and transfer to interested countries, especially developing countries. Factors that impede effective transfer of appropriate technologies should be identified and measures implemented to overcome these impediments.

(12) Progress in reducing atmospheric pollution depends not only on technical and economic issues but also on attitudinal and conceptual changes. All countries, especially industrialized countries, should recognize the need to make their socio-economic activities and life-styles environmentally sound. Improved dissemination of information and better training of personnel is needed, both at the national and international level. Public awareness programmes, including school curricula, should include the issue of climate change and its connection with the way individuals use energy and other natural resources. Wider public awareness can be supported by increased scientific evidence arising from systematic research and monitoring activities. The Conference calls upon the non-governmental organizations to participate, in co-operation with international, regional and national authorities, in the efforts that are needed to respond to the problems of global warming, more specifically in the field of education and awareness building.

(13) Many countries, especially developing countries, will require assistance in identifying the causes of anthropogenic climate change, in establishing its extent and effect and also in responding to it. They will need help in acquiring, using, developing and maintaining technologies that are appropriate to their industrial, energy, transport, forestry and agricultural infrastructure. Industrialized countries will take steps to facilitate the transfer to developing countries of technologies to limit the global climate change through financial assistance and other mechanisms to overcome the incremental costs of acquiring and using these technologies. Furthermore, the capabilities of these countries should be increased so that they can develop appropriate technologies themselves. In this context the concept of assured access to appropriate technologies in relation to proprietary rights needs to be explored.

Given this stage of development of the issue of climate change, the Conference more specifically:

Carbon Dioxide (CO_2)

(14) *Urges* all countries to take steps individually and collectively, to promote better energy conservation and efficiency and the use of environmentally sound energy sources, practices and technologies with no or minimum environmentally damaging characteristics. These policies should be reflected in short and long term energy policies and be pursued by all relevant sectors, including industry and transport, taking into account the need of developing countries for an adaptation period in order to enable them to meet their technological and other developmental needs. One direct means of allowing markets to incorporate the risk of climate change could be to ensure that the prices of all fuels reflect their full social, long run marginal and environmental costs and benefits.

(15) *Agrees* that it is timely to investigate quantitative emission targets to limit or reduce CO_2 emissions and encourages the IPCC, in their interim report due in 1990, to include an analysis of target options.

(16) *Recognizes* the need to stabilize, while ensuring stable development of the world economy, CO_2 emissions and emissions of other greenhouse gases not controlled by the Montreal Protocol. Industrialized nations agree that such stabilization should be achieved by them as soon as possible, at levels to be considered by the IPCC and the Second World Climate Conference of November 1990. In the view of many industrialized nations such stabilization of CO_2 emissions should be achieved as a first step at the latest by the year 2000.

Urges all industrialized nations to support the process of IPCC through the investigation of the feasibility of achieving targets to limit or reduce CO_2 emissions including, e.g., a 20 per cent reduction of CO_2 emission levels by the year 2005 as recommended by the scientific World

Conference on the Changing Atmosphere in Toronto 1988.

Urges all industrialized countries to intensify their efforts in this respect, while ensuring sustainable development and taking into account the specific circumstances of individual countries.

(17) *Agrees* that industrialized countries with, as yet, relatively low energy requirements, which can reasonably be expected to grow in step with their development, may have targets that accomodate that development.

(18) *Calls* on the IPCC to present the analysis and conclusions referred to above to the Second World Climate Conference in November 1990.

(19) *Agrees* that developing countries endeavour to meet future targets for CO_2 emissions and sinks, with due regard to their development requirements and within the limits of their financial and technical capabilities. International co-operation, whenever available, would be a contributing factor for greater action. New processes or industries to be introduced should, as far as possible, incorporate technologies which are more energy-efficient and produce less pollution than present technologies.

(20) *Agrees* that developing countries will need to be assisted financially and technically, including assistance with training, i.e., by strengthening relevant mechanisms to ensure that they will be in a position to manage, develop, and conserve their forest resources in a sustainable and environmentally sound manner. This will also contribute to combatting erosion and desertification. Recognition by the market of the total value of forests, including non-wood values, is a precondition for developing countries' being able to successfully use such financial and technical assistance for sustainable forest management.

(21) *Agrees* to pursue a global balance between deforestation on the one hand and sound forest management and afforestation on the other. A world net forest growth of 12 million hectares a year in the beginning of next century should be considered as a provisional aim.

Requests the IPCC to consider the feasibility of achieving this aim. To this end, the world deforestation rate should be slowed, inter alia, through the suppression of acid rain and other pollutants and of fires and through the reduction of pressures on biota. Sound forest management practices should be encouraged and at the same time vigorous forestry programmes should be developed in both temperate and tropical zones; biological diversity should be maintained; strategies addressing climate change issues through forest management and afforestation should be integrated with strategies addressing the sustainability of other forest based values resulting in full multiple-use plans where appropriate, but with due consideration of the people living in or dependent on forest land.

Welcomes the work of the Tropical Forestry Action Plan and the International Timber Trade Organization in pursuit of these goals.

Chlorofluorocarbons (CFCs)

(22) *Welcomes* commitment of the industrialized countries to amend the Montreal Protocol and to phase out the production and consumption of controlled chlorofluorocarbons by the year 2000, and of other controlled ozone depleting substances as soon as feasible.

Urges all countries to become Parties to the Vienna Convention for the Protection of the Ozone Layer and to the Montreal Protocol.

To facilitate this broad participation suitable amendments of the Montreal Protocol should be considered urgently by the Parties to the Protocol.

Urges industrialized countries to use financial and other means to assist developing countries in phasing out their production and consumption of controlled substances as soon as possible, by providing them with sufficient means to enable them to meet their target date. The development of alternative technologies and products in developing countries should be promoted.

Other Greenhouse Gases

(23) *Recommends* that the development and implementation of specific means of limiting the atmospheric concentrations of greenhouse gases other than CO_2 and CFCs should be energetically pursued, taking into consideration the special situation of developing countries.

Ministerial Meeting

(24) *Recognizes* the need to convene a Ministerial Conference to review the interim report of the IPCC. The conference endorses the plan of the organization by WMO, UNEP, UNESCO and ICSU of such a meeting as part of the Second World Climate Conference in November 1990.

Funding

(25) *Recommends* that existing institutions for development and financial assistance including the Multilateral Development Banks, Bilateral Assistance Programmes, the relevant United Nations organizations and specialized agencies and scientific and technological organizations should give greater attention to climate change issues within their environmental and other relevant programmes by providing expanded funding including concessional funding. In addition, regional and subregional co-operation should be reinforced and funded so as to address and implement the required action at that level.

(26) *Recommends* that additional resources should, over time, be mobilized to help developing countries take the necessary measures to address climate change and that are compatible with their development requirements.

Further *recommends* that the scope of resources needed must be assessed. Such assessments should include, inter alia, country studies and the capabilities of existing institutions and mechanisms to meet the financing needs identified, similar to the approaches developed under the Montreal Protocol. Further consideration should be given to the need for funding facilities including a clearinghouse mechanism and a possible new international fund and their relationship to existing funding mechanisms, both multilateral and bilateral. Such funding should be related to the implementation of a future climate convention and associated protocols. In the meantime the donor community is urged to provide assistance to developing countries to support actions addressing climate change.

(27) *Recommends* that, initially, international funding be directed towards

(i) funding of a CFC phase-out in developing countries in the context of the Montreal Protocol;

(ii) promoting efficient use of energy, including appropriate end use technologies, increasing the use of non-fossil fuels and switching to energy sources with lower greenhouse gas emissions, and the use of renewable energy sources;

(iii) increased financial support for forest protection and forest management improvement, for example through the Tropical Forestry Action Plan (TFAP), the Plan of Action to Combat Desertification, the International Tropical Timber Organization (ITTO) and other relevant international organizations;

(iv) assisting developing countries in planning how to address problems posed by climate change;

(v) supporting developing countries to enable their participation in the IPCC process and the other international meetings on this subject;

(vi) conducting research and monitoring;

(vii) arranging for technology transfer to and technology development in developing countries;

(viii) promoting public awareness, education and institutional and manpower development.

The use of financial resources could subsequently be extended inter alia to major energy sources with little or no environmentally damaging characteristics and for steps to reduce other global man-made emissions of greenhouse gases.

Research and Monitoring

(28) *Urges* all countries and relevant organizations to increase their climate change research and monitoring activities and to provide for adequate data bases on emissions. *Also urges* states to co-operate in, and provide increasing support for, international co-ordination of these activities building on international programmes such as the World Climate Programme and the International Geosphere Biosphere Programme, and on the present roles of the UNEP, WMO, ICSU, IEA, UNESCO, IOC, IGBP and other competent international organizations and bodies. The enhancement and strengthening of operational aspects of their work should be examined.

Recommends that more research should be carried out by 1992 into the sources and sinks of the greenhouse gases other than CO_2 and CFCs, like methane (CH_4), nitrous oxide (N_2O) and tropospheric ozone (O_3), including further research on the effect of the ocean on the concentration of radiatively active gases in the atmosphere.

Climate Change Convention

(29) 1. *Urges* all countries to join and intensify the ongoing work within UNEP and WMO through the IPCC with respect to the compilation of elements for a framework convention on climate change so that negotiations upon it can start as soon as possible after the adoption of the interim report of the IPCC.

2. *Recommends* that such convention will be framed in such a way as to gain the adherence of the largest possible number and most suitably balanced spread of countries.

3. *Agrees* that to this end the framework convention and associated protocols should commit the parties inter alia to:

—enhancement of research and systematic observation of climate, aimed at detecting and monitoring climate variations and change;

—action to deal with greenhouse gas emissions and the effects of global warming;

—address the particular financial needs of the developing countries in the access to and transfer of technology; and

—strengthen sustainable forest management.

4. *Agrees* further that in developing the framework convention on climate change special attention should be given to ensuring that provision is made for appropriate decision making procedures and powers.

5. *Urges* all involved or to be involved in the negotiations to do their utmost to conclude these negotiations to ensure adoption of the convention as early as 1991 if possible and no later than at the Conference of the United Nations on Environment and Development in 1992.

6. *Considers* that in the preparation of the framework convention and protocols the relevant aspects of the Vienna Convention on the Protection of the Ozone Layer should be taken into account, as well as innovative approaches as may be required by the complex character of the problem.

(30) *Recommends* that this declaration and the supporting papers be conveyed to the IPCC at the conclusion of this Conference for further consideration and action.

Chapter 8. Human Rights, Refugees, Narcotics, Terrorism

A. Human Rights

74. FY 1990 Assistance Request for Disadvantaged South Africans

Prepared Statement by the Administrator, Agency for International Development (Woods), January 10, 1989 (Extracts)[1]

Development Problem

The AID program in South Africa is unique in that the country's basic problem is not economic development. The basic problem in South Africa is apartheid, an atavistic system of policies, laws and practices, which allocates opportunities, rights and resources on the basis of race. Under apartheid, one's race determines whether one has an equal right to due process of law; where one can own property or live; whether one can be declared a citizen of a putative "homeland" nation and thereby lose South African nationality; where one can attend school; or whether one can vote for elected national officials.

As a result, generations of disenfranchised blacks have been deprived of their basic human rights and due process of law, of an adequate education, of job mobility and even employment, of the right to live where they want, and of the right to participate fully in the economy either in business or as union members.

Apartheid also has had an impact outside South Africa. World opinion has hardened and become more critical of apartheid. In recognition of the potential for increasing frustration and violence, South Africans of all races have continued to dialog and seek peaceful ways to end apartheid and establish a nonracial democracy. As yet, however, a consensus on solutions remains out of reach.

Consequently, the country continues in a state of crisis marked by violence, detention and arrest of key black leaders, crackdowns on anti-apartheid organizations, and increased use of government emergency powers to curb dissent and control the press. These human rights violations make difficult the task of those searching for a peaceful solution to the present crisis through negotiation and dialog. Yet despite these difficulties, the U.S. Government stands firm in its commitment to listen to and assist South Africans in their nonviolent efforts to establish a nonracial, democratic society and a market-oriented economy providing equal opportunity for all.

Program Strategy

The AID program in South Africa has two basic goals: to hasten the end of apartheid and to help blacks prepare for leadership in a post-apartheid, nonracial democracy. These two goals and their policy framework have been reinforced by Congress in the Comprehensive Anti-Apartheid Act of 1986 and related legislation.

The AID program began in the early 1980s, at a modest level, but grew quickly and by FY 1986 provided $20 million to support scholarships for disadvantaged blacks, labor union training, human rights, black private enterprise and community development. Through FY 1988, AID has obligated $91.3 million. The funding level for FY 1989 is $34.9 million . . . .

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[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session (Washington, 1990)*, Part 2, pp. 344, 346. For additional information on the human rights situation in South Africa, see Documents 415 ff.

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FY 1990 Program

The FY 1990 program will continue activities in education, human rights, labor, private enterprise, and community development at a proposed level of $24.9 million. AID will continue to make education its top priority, with $5.6 million requested for U.S. scholarships under the Training for Disadvantaged South Africans (674–0203), $5.4 million for scholarships in South Africa under the South Africa Bursaries project (674–0203), and $3.3 million for education training and support under (674–0302).

As required by the Foreign Assistance Act, the Human Rights Fund (674–0305) will continue at $1.5 million. Labor Union Training (674–0303) will require $1.5 million. Black Private Enterprise Development (674–0303) will require $3.3 million to continue to strengthen black private enterprises. Support for community development will continue through the Community Outreach and Leadership Development project (674–0301) at $3.3 million, Building Democratic Institutions (674–0306) at $500,000, and Self-Help Development at $500,000.

75. Country Reports on Human Rights, 1989

Prepared Statement by the Assistant Secretary of State for Human Rights and Humanitarian Affairs (Schifter), February 8, 1989 (Extracts)[2]

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Although much happened in the Soviet Union during 1988 that even as recently as 3 years ago, we would not have expected to happen so quickly, we have to keep in mind that the Soviet Union has still far to go before it could be deemed to be in full compliance with the provisions of the Helsinki Final Act.[3] It is still a one-party dictatorship. The secret police still play a powerful role in repressing dissent. The rule of law is a stated goal, not a reality. The media remain state-dominated and controlled. And religion remains under state control.

We must also note that the ultimate success of those seeking reform in the Soviet Union is by no means assured. What is clear is that for the first time in many decades the Soviet leadership is no longer monolithic. There are clear differences between those who want the country to move further in the direction of political and economic freedom and those who believe that the new policies have gone much further than they should and that retrenchment is essential.

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[2] Source: *Review of the State Department's Country Reports on Human Rights, 1988: Hearings Before the Subcommittee on Human Rights and International Organizations of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1990), pp. 20–24, 26–30. Chairman of the subcommittee, Gus Yatron, presided over the session. Schifter's testimony referred to *Country Reports on Human Rights Practices for 1988: Report Submitted to the Committee on Foreign Relations, U.S. Senate, and the Committee on Foreign Affairs, U.S. House of Representatives, by the Department of State, One Hundred First Congress, First Session* (Washington, 1989).

[3] For text of the Final Act of the Conference on Security Cooperation in Europe, signed at Helsinki, August 1, 1975, see Department of State *Bulletin*, September 1, 1975, pp. 323–350.

Among positive developments in 1988 in other parts of the world, we are pleased to see progress toward democracy in Pakistan, the Republic of Korea, and Taiwan. Also, the plebiscite held in Chile on the continuation of General Pinochet in the Presidency was conducted fairly and honestly. It resulted, as we know, in the rejection of the incumbent by the voters. We hope to see Chile's peaceful transition to democracy in the year ahead.

Unfortunately, there is also a negative side to this ledger and the question arises just where to begin in this brief survey. A review of developments in 1988 leads to the conclusion that interethnic disputes resulted in the greatest number of casualties and often involved the most egregious human rights violations.

It is in this context that attention should be drawn to the fate of many Kurds in Iraq. There is no doubt that significant groups of Iraqi Kurds have for years been in revolt against the Iraqi Government. But the nature of the Iraqi Government's response as the war with Iran was drawing to an end was truly shocking. In two attacks on towns populated by Kurds, many noncombatant civilians were killed. Estimates of the dead range up to 8,000. Truly frightened by these chemical warfare attacks, more than 50,000 Iraqi Kurds fled to Turkey within a matter of days late last August. More than 50,000 others have fled to Iran during the last 2 years.

Furthermore, in 1988, Iraq continued its program of forcible relocation of Kurds from their traditional rural regions to urban areas and, reportedly, also to detention camps. The agricultural economic base of this population was totally destroyed. More than 500 villages were completely leveled. The total number of people thus relocated is estimated at more than half a million.

Interethnic strife between the ruling minority of Tutsis and the majority population of Hutus also led to thousands of deaths in Burundi in 1988. Responding to killings of Tutsis initiated by the Hutus, Burundi's Tutsi army killed and injured many thousands of completely innocent civilians. Here, too, about 50,000 people, all Hutus, fled the country to nearby Rwanda where their ethnic group is in the majority. By year end, however, most of them had returned to Burundi. This is due in large part to the laudable efforts undertaken by President Buyoya of Burundi, who is obviously trying his best to lay a foundation for true conciliation between the two ethnic groups.

Another African country in which ethnic differences have resulted in many deaths is Sudan. There the struggle has been between the Sudanese Government, largely oriented toward the Arab and Moslem north of the country and the Sudanese People's Liberation Army, the SPLA, made up largely of people from the Black, Christian, and Animist south. In the military efforts in which both sides have been engaged, they have often cut off food shipments to areas controlled by the other side, with the result that many civilians have starved to death. Estimates for 1988 exceed 150,000 such deaths.

In Somalia, government forces respondng to an ethnic-based insurgency used artillery extensively in urban areas where insurgents had barricaded themselves, and bombed and strafed zones populated by civilians. There are no reliable estimates of the number who died, but about 400,000 Somalis fled the fighting, and many remain in refugee camps in Ethiopia, where conditions are harsh.

The strife resulting from the system of apartheid in South Africa continued in 1988, with a disturbing increase in attacks on civilian targets within the country. Attacks were suspected of emanating from various quarters, including South African security forces and rightwing sympathizers as well as the African National Congress. The government took steps to curtail peaceful opposition to apartheid: banning the activities of 32 anti-apartheid organizations, and placing ever-stricter limits on the press. Although the South African Government's agreement to the Angola/Namibia Peace Accord contributed to increased regional stability in 1988, domestically the government continued to avoid serious discussions with credible black leaders about a solution to South Africa's problems.

Interethnic strife also tragically continues to plague Sri Lanka, where the government has for the last 5 years been caught in the middle, as Tamil and Sinhalese extremists have committed serious acts of violence. As in so many other settings, once a government must use its security forces to suppress large-scale violence, these forces, too, no longer play by the rules.

Since 1987 an Indian Peacekeeping Force has been present in Sri Lanka, which has sustained casualties, and which, in turn, has also been accused of human rights abuses. During 1988 more than 1,500 persons, including civilians, were killed in fighting involving Tamils in north and east Sri Lanka. Approximately 800 persons, many of them government officials, died in political killings perpetrated by Sinhalese extremists. Also, there continue to be reports of so-called disappearances following arrest by security forces. There is no reason for concern that many of the "disappeared" are, in fact, killed.

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I shall now turn to two other situations which, as an analysis of the facts will demonstrate, do not belong in the category of the most serious human rights problems to which I have just referred. They have received attention, instead, because of the good relationship between the countries in question and the United States. The first situation is that in the Israeli-occupied territories.

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As far as substance is concerned, this case differs from all others in that we are here not dealing with the actions of a government toward its own citizens, but with the action of a military government, applying both civilian and military law, in occupied territories. The underlying problem is not, as in other settings, the relationship between a government and its citizens, but the question of arriving at a peace settlement. Against that background, we have described in our Occupied Territories Report the areas of our concern. They focus on the measures taken by the Israeli Defense Forces to repress the wave of civil unrest which has swept the territories since December 1987. We recognize that the harsh measures taken by the military were provoked by such acts as the throwing of stones and Molotov cocktails, the burning of tires, and the erection of barricades. We believe, however, that the response thereto has been excessive rather than measured, causing many casualties and, during 1988, 366 cases of Palestinian deaths. We have also been concerned about such practices as punishment by deportation and the blowing up of the homes of persons accused of violent acts. Finally, we have noted that disciplinary measures taken against Israeli soldiers for violating rules of conduct are far too mild.

The second case in this grouping is that of El Salvador. In passing judgment on human rights violations in that country, it is important to distinguish between facts and disinformation.

Here the backdrop to the human rights problem is furnished by the Communist insurgency, which has continued for an entire decade. In the course of the years, the FMLN, which once was a major threat to the survival of the Salvadoran Government, has lost ground. However, the FMLN has resorted to assassinations of elected officials and urban terrorism to cause instability. There is no doubt that they have lost any appeal they might once have had for the bulk of the population. Their political allies are participating in the Presidential election, but are currently receiving the support of no more than 10 percent of the populace.

During 1988, the number of killings for political reasons averaged roughly 20 per month. Though every single death is a tragedy for the family affected, note should be taken that this figure does not reflect an increase over recent years. The corresponding monthly average was 22 in 1986 and 23 in 1987. It is down substantially from the monthly average of 444, 219, and 140 per month for the years 1981 to 1983. In addition, 34 civilian deaths occurred during combat between the two sides in 1988, and 42 persons died as a result of guerrilla mines. The political killings to which I have here referred are attributable to rogue operations of personnel of the security forces, on one hand, and carefully calculated measures authorized by the FMLN leadership, on the other hand. (The latter has recently focused on the murder of elected mayors.) I need to underline that we are convinced that the elected civilian Government of El Salvador is *not* responsible for extrajudicial killings. Nor do we believe that there is any evidence of culpability by the leadership of the military forces. The problem lies at lower levels in the military and the failure of the top leadership to clamp down hard on those guilty of human rights violations, particularly its failure to prosecute officers.

Document 75

This brings me to the related topic of the operation of the Salvadoran judiciary. I regret to say that criminal cases with political implications have simply been avoided in the Salvadoran justice system, whether the defendant is associated with the political right or with the political left. I should add that El Salvador is not the only country in this category. Strong independent court systems are even more rare throughout the world than are democratically-elected governments.

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76. U.S. Relations With Uganda

Prepared Statement by the Deputy Assistant Secretary of State for African Affairs (Brown), February 8, 1989 (Extract)[4]

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Since coming to power 3 years ago, President Yoweri Museveni and his National Resistance Movement have made impressive progress in promoting national reconciliation and instilling respect for human rights in war-torn Uganda. Museveni has also gradually begun to get the economy back on its feet, reaching accommodation with the World Bank and the IMF. The remaining obstacle to national unity is the ongoing insurgency in the north and east.

Perhaps the most noteworthy improvement in the human rights situation under President Museveni is the conduct of his troops. The National Resistance Army (NRA) is a well-disciplined force in comparison to previous Ugandan armies, although its cohesion has been affected by the number of former rebels who have been integrated into the NRA after taking advantage of Museveni's amnesty offers. Recently, there have been allegations that the NRA has committed human rights abuses in the north. As it has in the past, the government has stated that these charges will be investigated and those responsible dealt with. Indeed, since coming to power the Museveni government has held its troops to a standard of accountability previously unheard of in Uganda. We are concerned about these recent allegations and are investigating them. It is important to remember that the NRA is engaged in a struggle against a disorganized insurgency which has been extremely cruel in its treatment of the local population.

We are also impressed by the number of newspapers operating in Kampala and by the relatively free political debate which takes place in the National Resistance Council. Another demonstration of improved human rights conditions is the fact that refugee repatriation continued at an accelerated pace, so that by the end of 1988 almost all former Ugandan refugees had returned home. President Museveni welcomes visits by human rights organizations and in past years has sought opportunities to discuss our annual human rights reports. A recently-appointed constitutional commission is tasked with working with the public to draft a new constitution. When he came to power, President Museveni committed himself to elections within 4 years.

There is room for improvement. We investigate, to the best of our ability, all allegations of torture or other abuses by the NRA or other government officials, and we are concerned by the number of former rebels who are held in civilian prisons while undergoing a political screening process. We are encouraged, however, by the recent granting of access to military barracks by ICRC delegates.

On balance, our relations with Uganda since President Museveni took power have been very good. We believe he is doing a credible job of restoring Uganda's shattered economic and human infrastructure, and is taking steps to ensure that Uganda's tragic history is not repeated. The United States should continue to help in any way possible.

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[4] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990,* Part 3, pp. 564–566. For other extracts from this statement, see Documents 377, 379, and 380.

77. Survey and Condemnation of Human Rights Abuses Throughout the World

Statement by the Permanent Representative to the United Nations (Walters) Before the U.N. Commission on Human Rights, Geneva, March 6, 1989 (Extract)[5]

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Human rights and fundamental freedoms limit the power and authority of the state in relation to the individual. When a state transgresses those limits, it is the right and duty of the world community to call attention to such abuses. That is the purpose of my statement today.

The United States is firmly convinced that the system of apartheid in South Africa is an unacceptable infringement of basic human rights and fundamental freedoms. This topic, however, has been discussed at length in a previous statement delivered by another member of my delegation, and at this stage of the commission's deliberations I believe it would be a disservice for me to repeat or summarize it.

In Albania, the Ramiz Alia regime has toned down some of the most repressive aspects of totalitarian rule, but Albania still remains one of the world's most closed and most restrictive societies. The Sigurimi, Albania's pervasive security service, maintains rigid control over the people by means of an extensive network of informers. Albanian courts serve the regime's purposes rather than the cause of justice. Once accused of any political crime, a defendant has virtually no chance of acquittal. Conviction on such vaguely-defined charges can lead to lengthy imprisonment and even execution. According to reports, prisoners of all types are confined in unheated, unfurnished cells which lack any sanitary facilities whatsovever.

Governments are free to pursue their own domestic policies, provided that they conform to the international community's well-established standards related to human rights and fundamental freedoms. Despite the Albanian regime's consistent refusal to provide information or access to concerned non-Albanian observers, including denials of the Commission's requests for information pursuant to Resolution 1503 of the Economic and Social Council, it is clear that the Albanian Government violates the human rights of its citizens consistently and pervasively. My government believes that this pattern of gross disregard for human rights has amply earned Albania the world community's explicit condemnation.

In January 1989, Romania declared in Vienna that it would not be bound by certain provisions of the concluding document of the recent review session associated with the Conference on Security and Cooperation in Europe. This statement placed Romania well outside the established European consensus on human rights. It should thus be no surprise that, despite constitutional guarantees, there are no basic freedoms in Romania. Freedom of speech does not exist, and guarantees of freedom of assembly are ignored—except for Party-sponsored gatherings. The practice of religion is severely controlled, and the ability of ethnic minorities to act on and express their own cultural values is being steadily eroded. Party bosses largely ignore the wishes of the people, who are tightly regimented and effectively debarred from participation in government.

Romania's self-defeating social and economic policies have evoked and invigorated ominous specters of hunger and want. The government's draconian restrictions on imports have sharply reduced living standards and are closely associated with widespread shortages of food, household energy, medicine, and other essentials. The recently expanded program of redevelopment has already dislocated large numbers of city dwellers, all for the sake of grandiose urban renewal. If fully carried out in coming years, these insensitive bureaucratic edicts will lead to the demolition of thousands of traditional villages, many of which have served for centuries as favored habitats for ethnic minorities. Thus would numerous unique cultures be sacrificed on the altar of agricultural efficiency and improved rural services.

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[5] Source: U.S. Mission to the United Nations Press Release USUN 24-(89), March 8, 1989. Walters' statement was made with regard to Item 112, Question of the Violation of Human Rights and Fundamental Freedoms in Any Part of the World.

Czechoslovakia has consistently failed to respect its international obligations related to human rights. The government continues to imprison and persecute citizens for peaceful dissent; it imposes severe limitations on the freedom of religion and on nearly all forms of cultural and political expression. In January, only hours after a representative of Czechoslovakia signified his country's consent to the concluding document of the recent review session associated with the Conference on Security and Cooperation in Europe, Czechoslovak police in downtown Prague used truncheons, water cannons, and tear gas to disrupt a peaceful gathering which commemorated the 20th anniversary of the self-immolation of the student Jan Palach. Vaclav Havel, the famous playwright, was among those arrested at that time, and Mr. Havel was later sentenced to 9 months' imprisonment.

Czechoslovak media, reporting on the conviction of Mr. Havel and his companions, have sought to blame internal unrest on external forces, condemning the well-justified international outcry as "outside intervention in the internal affairs of a sovereign state." This regressive rhetoric is incompatible with Czechoslovakia's obligations under the Universal Declaration of Human Rights[6] and other U.N. instruments, as well as with numerous undertakings associated with the Conference on Security and Cooperation in Europe. The government strongly urges the Government of Czechoslovakia to abandon its confrontational practices and join in the general movement toward dialog and reconciliation.

Bulgaria continues to be a tightly controlled society in which the state routinely harasses human rights advocates and suppresses any dissent or opposition. The Bulgarian Government has denied that it is seeking to compel citizens of Turkish descent to adopt Slavic identities and traditions, but enforces multiple restrictions which can hardly have other aims. The Bulgarian Government has closed mosques and prohibited certain Islamic practices, such as circumcision. In addition, public uses of the Turkish language has been severely curtailed.

The German Democratic Republic (GDR) deploys an exceptionally efficient and pervasive security apparatus which maintains tight control over that country's people. The regime continues to restrict fundamental freedoms of speech, press, religion, assembly, and movement; and it continues to detain, question, and harass citizens and groups who conduct public demonstrations associated with the free exercise of their political and religious rights.

There has been, nevertheless, some improvement with relation to human contacts. Foreign travel has increased substantially over the course of the past 3 years. In 1988, residents of the GDR made over 7 million visits to Western countries. Furthermore, legal emigration to the Federal Republic of Germany and West Berlin increased to over 30,000 last year, as compared with less than 13,000 in 1987.

In Poland, a number of independent social and political associations have been registered under the law. Even more important, the Polish Government has initiated a new dialog with the opposition, including the Solidarity trade union. Poland holds great potential for further progress toward increased democracy and greater respect for human rights. We wish this conceivably historic process every possible success.

In Hungary, there has been very substantial progress. The Hungarian Government has recognized that there are human rights and fundamental freedoms which are common to all mankind and has rejected the idea that socialist states must differ from free-enterprise nations in relation to these rights and freedoms. Hungarian officials are preparing a new constitution, taking account of the experience and practice of a wide range of other countries. A first draft is scheduled to be presented to parliament by May 31.

On January 11, the Hungarian Parliament approved a new law on peaceful assembly, ensuring the right of citizens to gather in public places, as well as a new law on association which permits the establishment of multiple political parties, independent trade unions, and other organizations not affiliated with the state. A separate law will outline specific procedures associated with the registration and operation of political parties. The draft test is to be submitted to parliament no later than August 1.

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[6] For text of the Universal Declaration of Human Rights, adopted by the U.N. General Assembly December 10, 1948, and a historical account of continuing efforts to implement it, see *40th Anniversary: Universal Declaration of Human Rights*, Department of State, Bureau of Public Affairs, December 1988.

A radically revised electoral law, now under preparation, will govern local council elections to be held this fall and national elections scheduled for 1990. This new electoral law will provide for a much simplified nominating process and for multiple candidates representing several parties.

Hungary's new statute on the freedom to form economic associations went into effect on January 1. This new law allows a private individual to employ as many as 500 persons. It also permits foreign-owned enterprises to operate in Hungary.

At present, Hungarian officials are preparing new laws on strikes, the freedom to leave the country and return, the freedom of religion, the freedom of expression and opinion, a civilian alternative to military service, judicial review of legislative acts, and the rights of nationalities and minorities.

Within the past few years, changes have occurred in the Union of Soviet Socialist Republics which would have been unthinkable before. We welcome this trend, and we hope that these advances will be broadened and made a permanent part of the structure of Soviet Government and society.

An increasing number of Soviet citizens are no longer afraid to speak frankly and openly. Many manuscripts kept "in the drawer" for years are now being published and sold.

It is sad to note, however, that this tolerant atmosphere does not prevail throughout the USSR, in relation to public dissent. In December 1988, a significant number of Armenian activists were arrested, including 11 members of the "Karabakh" Committee. These activists were later charged with "organizing or actively participating in group actions disrupting public order." In January 1989, the Georgian activist Ulambegashvili was sentenced to 1½ years in a strict-regime camp, as a punishment for similar political activities.

In January 1988, the USSR's Supreme Soviet promulgated regulations making it more difficult to confine individuals in psychiatric institutions against their will. We hope that these regulations will be scrupulously honored and that the Soviet authorities will take steps to release all those currently confined to psychiatric hospitals for political reasons.

As best we understand, arrests and convictions for activities which are clearly religious came to an end in late 1986. Soviet authorities have drafted new regulations on religion, and their implementation would afford believers considerably more freedom for religious education of children, charitable work, and evangelization outside of church premises. Believers, nevertheless, continue to have difficulty obtaining permission to open churches, and the police still break up peaceful prayer meetings conducted outside of church premises. In addition, approximately 4 million members of the Ukrainian Catholic Church remain unable to practice their religion legally.

In the Baltic region, the right of the peoples of Estonia, Latvia, and Lithuania to rule themselves and determine their own destinies has not been honored for almost half a century. We hope that recent signs of administrative flexibility on the part of Soviet authorities will lead to true self-determination for the peoples of the Baltic States.

During recent sessions of international bodies which deal with human rights and fundamental freedoms, Soviet representatives have become considerably more outspoken in their advocacy of individual human rights, especially those of a civil and political character. In addition, Soviet delegations seem to have adopted a substantially more nuanced and flexible approach overall. Improvements in bilateral relations have also contributed to enhancing opportunities for the delegations of the United States and the USSR to pursue common goals. These trends are very healthy and constructive, and we hope that the possibilities for cooperation along such lines will continue to expand and deepen.

The United States believes that the achievement of a just and lasting settlement in Cyprus would advance the cause of human rights in that country. We strongly support the Secretary-General's efforts toward such a settlement, and we call upon all parties to give him their full cooperation.

All of us who believe in the rule of law should be appalled that the rulers of Cuba have twisted the entire legal framework to their whims. In practice, civil and political rights have been entirely abolished.

Paranoia is a disease of dictatorships, and the Cuban example is no exception. The United States, however, has no hostile intentions toward Cuba. No government, and certainly not the Cuban Government, can excuse massive violations of human rights on the pretext that it has a powerful enemy.

Cuba's violations of human rights are not abstract; they are systematic and persistent acts of tyranny inflicted every day on real people who have names and faces. For example, on February 11, human rights activists Leonardo Rubio Montalvo and Roberto Jesus Pagan Diaz were arrested in Havana. Their apartments were searched and various human rights materials were seized, including a typed invitation to discuss articles from the Soviet magazine *Sputnik* in its Spanish translation. Without defense attorneys present, these two men were quickly tried for "illegal printing" and sentenced to 8 months in jail. Their human rights organization later issued a press release with an exceedingly apt question that I would like to bring to the Commission's attention. That question is this: What would Mikhail Gorbachev think if he found out that in Fidel Castro's neo-Stalinist Cuba, peaceful activists are arrested and imprisoned for conducting illegal meetings in which they discuss articles from the Soviet magazine *Sputnik?*

Because of the intense international attention focused on Cuba, certain cosmetic changes have occurred. We have noted the Cuban Government's much-vaunted willingness to cooperate with international bodies, or at least its pretending to cooperate. The Cuban Government's treatment of those who speak out will be the true test of its intentions—a test, I might add, which the Cuban Government has failed in the recent past.

We also take note of the fact that the Cuban Government has released a small number of political prisoners. That is ironic in itself; for before that time, we were told that there are no political prisoners in Cuba. How many more political prisoners, others who supposedly do not exist, will the Cuban Government see fit to free this year? Why not release them all and be done with it?

This Commission has a solemn duty to the victims of human rights abuses in Cuba. The process of international scrutiny of the Cuban Government's record, now underway, can only be ended when Cuba truly honors the human rights and fundamental freedoms of all its citizens. The Commission's direct involvement must and shall continue. There is no alternative.

The Sandinista government in Nicaragua has turned its legal system, mass organizations, and armed forces into instruments of repression; and the human rights situation in Nicaragua is among the worst in Latin America. We call upon the Government of Nicaragua to adopt democratic practices, as it promised in the Esquipulas Agreement. Only a democratic, pluralistic government in Managua can provide adequate security guarantees to Nicaragua's Central American neighbors.

The United States remains concerned about the situation in human rights in El Salvador. Insurgents have not ceased their attacks on the democratically elected government. The Special Rapporteur, Mr. Pastor Ridruejo, pointed out that there has been an increase in urban terrorism and in summary executions by guerrilla groups. The insurgents should renounce violence and participate in the dynamic political process now underway. For its part, the Government of El Salvador should continue seeking to implement the Special Rapporteur's recommendations.

It is extremely important that the Commission's resolution on Chile be balanced and fair, taking account of the fact that the overall situation has greatly improved, while noting that there remain certain problems associated with insufficient protection for human rights. The Chilean plebiscite of October 1988 was a major step forward, establishing the basis for Presidential elections. Since a democratically elected government will provide the best assurance of respect for human rights, the Commission should take careful note of the opening of the Chilean electoral process.

We would like to compliment the report of the Special Rapporteur, Mr. Fernando Volio. It is significant that the Chilean Government has continued its active cooperation, and we look forward to continued improvements along the lines that Mr. Volio has recommended.

The United States puts a high priority on the human rights and welfare of the people of East Timor. We are following the situation there closely, and we welcome the recent decision of the Indonesian Government to broaden access to the province. We support discussions between Indonesia and Portugal under the auspices of the Secretary-General, and we believe that these discussions are the best way for the two governments to resolve their differences over East Timor.

In August and September 1988, millions of Burmese joined in spontaneous, nonviolent demonstrations all across Burma. In doing so, they called for an end to decades of arbitrary and repressive government. The regime responded with large-scale, indiscriminate killings, and many students fled to border areas. In late 1988, there began to be numerous reports about mistreatment of returning students.

The Burmese military government has stated that it intends to hold a free and fair election and then to turn power over to the duly elected civilian government. The government, however, has refused to set a date for an election, has restricted political activity, and has harassed and arrested political dissidents.

The Burmese people remain determined to achieve democracy, and we hope that the military regime will recognize the deep chasm that separates it from the people. In 1960, a Burmese military government turned over power to civilian successors. Burma's current rulers should regard that as an example to follow.

Despite the cessation of hostilities in the Gulf, the situation of human rights in Iran has not improved. In recent months, political executions have numbered in the hundreds, at a minimum. The Iranian Government continues its practices of arbitrary detention, its denial of the freedoms of speech, press, and association, and its use of torture in repressing political opposition. Although the situation of the Baha'is improved somewhat last year, the Baha'i minority continues to face a precarious future. Jews, Armenian Christians, and Zoroastrians continue to suffer from discrimination.

The most telling index of human rights in Iran is the leadership's call for the death of the author Salman Rushdie, which is a direct assault on the freedom of expression—a fundamental human right. This amounts to inciting a terrorist act, and the offer of blood money makes that heinous affront all the more repugnant.

Ever since 1984, the Government of Iran has refused to cooperate with the Special Rapporteur named to investigate human rights abuses in that country. It now bears the dubious distinction of being the sole government which has persisted in such a refusal. This is unacceptable, and we call upon the Government of Iran to adhere to the well-established standards for behavior as a responsible and civilized member of the international community.

The situation of human rights in Iraq also requires attention. Despite the ceasefire in the Gulf war, political and individual rights continue to be sharply limited. The news media remain subject to censorship and under effective government control. Reliable reports indicate that both physical and psychological torture are used by the Iraqi authorities, and especially by the security forces.

Even though Soviet forces have been withdrawn from Afghanistan, there remains overwhelming evidence of ongoing, massive violations of human rights carried out by the Kabul authorities, including political killings, disappearance, torture, summary executions, arbitrary arrests, and imprisonment under unacceptable conditions. Mines designed to kill and maim, numbering in the millions, have been indiscriminately scattered throughout the country. In effect, these mines prevent over 5 million Afghan refugees from returning to their homes. It is imperative that international scrutiny continues to focus on human rights abuses in Afghanistan, so that the Kabul authorities will understand that the withdrawal of Soviet troops has not diminished the world community's level of involvement and concern.

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Document 77

78. U.S. Policy Toward the Baltic States

Address by the Deputy Assistant Secretary of State for Human Rights and Humanitarian Affairs (Dobriansky) Before the Baltic American Freedom League, Cleveland, March 11, 1989 (Extracts)[7]

I am very pleased to be here tonight and have an opportunity to address an important subject—U.S. policy toward the Baltic States in an area of Soviet reform. But before I proceed with this speech, I would like to relay to you some of my personal experiences in Latvia. I visited Riga in November 1986 as part of the U.S. Delegation to the Chautauqua conference. And while my stay was brief, I can honestly say that it produced a lasting impression and a real insight into some unique characteristics of the Baltic people. We had a number of Latvian Americans on the U.S. Delegation, and watching them interact with the Latvians in Riga was something not to be forgotten. I was truly touched by the sincerity and the intense patriotism of the Latvians, manifested by their pride in their countrymen who have accomplished so much in America and came back to Riga as U.S. representatives.

Our presence in Riga was also a strong testament to our unwavering concern and interest in the plight of the Baltic peoples. I am sure many of you recall Ambassador Jack Matlock's stirring speech in which he opened in Latvian and staunchly reaffirmed our nonrecognition of the forced incorporation of Estonia, Latvia, and Lithuania into the Soviet Union.

The Baltic countries have always held a special place in American policy. In fact, the United States was one of the first countries to recognize the independence of Latvia, Estonia, and Lithuania after the collapse of czarist Russia. We have, of course, large numbers of Americans of Estonian, Latvian, and Lithuanian descent, such as yourselves, who retain a strong interest in the developments in the Baltic States. And the drama of proud people—relatively few in numbers but high in spirit—fighting to restore democracy and to preserve their national identity touches the very foundation of American ethos.

In the post-World War II era, the fate of the Baltics has been dominated by a single stark fact: Soviet annexation of these three nations. The refusal to recognize the legitimacy of the forced incorporation of Estonia, Latvia, and Lithuania into the Soviet empire has been a longstanding and fundamental tenet of American policy toward the Soviet Union. Throughout the years, we also have strongly protested human rights violations in these Baltic States and other repressive Soviet measures directed at stifling the democratic and nationalist aspirations of the Baltic people. These policies have been a constant facet of the overall U.S. strategy for dealing with the Soviet Union and will be maintained until the free, proud, Baltic people achieve democracy and genuine national self-determination. As you well know, however, in the last few years a number of positive changes have taken place in the Soviet Union. Such changes are part of the broad societal and economic reforms being carried out by Soviet General Secretary Mikhail Gorbachev. Gorbachev's reforms, dubbed *glasnost* and *perestroika*, have been felt throughout the Soviet Union and especially in the three Baltic States. These developments have spawned a number of challenges as well as opportunities for U.S. policy—a subject I want to address tonight. However, to appreciate fully the events of today, one must begin by looking back at the evolution of Soviet policy toward Estonia, Latvia, and Lithuania and the U.S. response. So let me begin at the beginning.

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The U.S. Government's policy toward the Baltic States has always been consistent and clear. We never recognized the forcible and unlawful Soviet annexation of Estonia, Latvia, and Lithuania. As part of this policy, we have continued to extend full diplomatic privileges and immunities to the lawful diplomatic representatives in the United States of the last independent governments of Estonia, Latvia, and Lithuania in the United States. These are not just courtesies but important statements with significant international legal ramifications.

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[7] Source: *Current Policy* No. 1161, Bureau of Public Affairs, Department of State, April 1989.

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Our nonrecognition policy has been expressed in other substantive and symbolic ways. Each year, the Secretary of State sends formal greetings to the three Baltic missions in the United States on their respective national days. Secretary Baker has continued this practice and conveyed greetings to Mr. Jaakson, Consul General of Estonia, and Mr. Lozoraitis, Chargé d'Affaires of Lithuania, in February for their 1989 celebrations. As specified in congressional legislation, June 14 is designated as Baltic Freedom Day, and numerous official ceremonies and events take place every year on that date. In 1983, we established a separate Baltic Service Division within Radio Free Europe. The State Department has a special Baltic Affairs Desk in the European Bureau.

We also have instituted the practice of producing separate reports on the three Baltic countries as a part of our annual country human rights reports. In general, our policy has been based on the resolute rejection of what former Assistant Secretary of State Elliott Abrams aptly termed the "realist myth"—that the Soviet incorporation of Estonia, Latvia, and Lithuania is a fact of life, and the world had better reconcile itself to this reality. We regret such cynicism. Given our own democratic institutions and American struggle for independence, it cannot be any other way. We must base our policy on the principle of national self-determination enshrined in the American Declaration of Independence and the UN Charter. We fully support the efforts of the Baltic peoples to exercise their inalienable right of national self-determination.

While our policy has remained steadfast, we are pleased to note and acknowledge positive changes which have recently taken place in the Baltic nations. These changes are attributable to the Soviet realization that their political and economic system is not working, and that their practice of stifling the nationalist aspirations of other people is morally bankrupt and politically counterproductive. And we take some credit for helping convince the Soviet leaders of these realities—our resolute policy and the buildup of American strength certainly have played a role in improving Moscow's leading curve. But the lion's share of the credit goes, of course, to the brave Baltic people, who have been fighting for their dreams all of these long years.

In many respects, changes in the Baltic republics have been truly dramatic. In Estonia, the hardline chief of the Estonian Communist Party (ECP), Karl Vaino, was replaced in 1988 with a more reasonable Vaino Valjas. But by far the most important and encouraging development has been the creation of the Estonian Popular Front. This grassroots political organization has thousands of members, and its rallies have attracted thousands of Estonians. The front has a strong political program aimed at regaining the right of Estonians to control their own political, economic, and cultural affairs. Many of the front's proposals have been adopted by the Estonian Supreme Soviet and the ECP. Among other things, the Supreme Soviet passed a law, declaring Estonian to be the official language of the republic. In November 1988, the Supreme Soviet adopted a resolution allowing it to reject any all-union legislation, including constitutional amendments. The Supreme Soviet also declared that all Estonian national resources belong to Estonia, legalized private ownership, stated that any violations of constitutional rights could be brought before a court of law, and declared the UN Universal Declaration of Human Rights to be applicable in Estonia. We regret, however, that the U.S.S.R Supreme Soviet declared Estonia's legislation on the right to veto all-union legislation to be null and void and has enlisted ECP's support. Moscow has also launched a wave of denunciations in the Soviet central press of actions of the Estonian Supreme Soviet and of the Estonian Popular Front.

In Latvia, we also have witnessed numerous positive changes. November 11 was designated Lacplesis' Day to honor Latvia's heroes. This holiday, and the ceremonial raising of the maroon-white-maroon traditional Latvian flag, were observed for the first time since the end of World War II. The authorities also permitted the establishment of the People's Front of Latvia and allowed it to host an event at the National Theater, where Latvia's independence was proclaimed some 70 years ago. The Latvian People's Front now has more than 200,000 members. It sponsors numerous demonstrations celebrating previously forbidden national events and anniversaries. The Latvian press has published articles on such heretofore forbidden subjects as the Soviet takeover of Latvia and mass deportations of Latvians to Siberia. However, just as in the case of Estonia, the Soviet central press has continued to attack the actions of the People's Front of Latvia.

Some positive developments also have taken place in the area of religious freedom. The Soviet authorities restored the right to preach of Latvian Bishop Kazimir Dulbinskis of Riga, who has been prevented from carrying out his ministry for 40 years. A religious publication, banned since 1940, *Catholic Life*, was also allowed to resume publication.

In Lithuania, the primary source of reforms has been the Lithuanian Restructuring Movement (*sajudis*). *Sajudis* has called for greater economic, political, and cultural autonomy from Moscow and has sponsored numerous demonstrations and rallies. On February 15–16, it organized a celebration of Lithuania Independence Day—the first such commemoration since 1940. Bowing to popular pressure, the Lithuanian Supreme Soviet declared this to be an official holiday. The Supreme Soviet has also declared Lithuanian to be the official language of the republic. *Sajudis* has played an active role in Lithuanian political life by campaigning to elect its candidates to a new Soviet national congress. It hopes to capture at least 30 of Lithuania's 42 seats in the congress. As a conciliatory gesture, however, *sajudis* withdrew two candidates who intended to challenge Lithuania's highest ranking Communist Party officials: Algirdas Brazauskas and Vladimir Berezov.

In July 1988, the Lithuanian Freedom League, a group that has been operating underground since 1978, declared that it would now function openly. Its stated goal is the reestablishment of full national independence for Lithuania. The group has staged numerous rallies and sponsored a hunger strike in Gediminas Square in Vilnius, calling for the release of all Lithuanian political prisoners. Meanwhile, the Lithuanian Restructuring Movement also campaigned for legislation, similar to that adopted by the Estonian Supreme Soviet, regarding the right to veto U.S.S.R. Supreme Soviet legislation.

Considerable progress was made in the area of religion. In May 1988, Pope John Paul announced that the Bishop of Kaisiadorys, Vincentas Sladkevicius, would be elevated to the College of Cardinals. Soviet authorities lifted their ban on Sladkevicius who had not been allowed to perform his pastoral duties for over 25 years. The authorities also agreed to return [relics?] to St. Casimir's Church in Vilnius and the Queen of Peace Church in Klaipeda. It was also announced on March 4, 1989, that the relics of St. Casimir, the patron saint of Lithuania, are to be returned to the Vilnius Cathedral. Also approved has been the publication of a Catholic bi-weekly magazine—*Kathiliku Pasualis* (*Catholic World*)—the first official religious publication in Lithuania since 1940.

Despite these positive changes, some Soviet authorities have remained hostile to the popular fronts and even toward the official legislatures of the three Baltic States. The Soviet central press has published numerous critical articles on Baltic activism. There also appears to be official backing for the anti-Baltic and proethnic Russian groups now appearing in the Baltic States. These pro-Soviet organizations are known as Inter-Movement in Estonia and Inter-Front in Latvia.

Moscow also has established a special Politburo commission, chaired by the ideology chief Vadim A. Medvedev. This commission includes the former KGB chief Viktor M. Chebrikov. Its activities have included calling to Moscow senior Baltic Communists and pressing them to take a harder line toward the national fronts. Most importantly, while arbitrary arrests, detentions, and other human rights violations in the Baltic republics have eased considerably during the last several years, no promised changes in the Soviet penal code, which would abolish laws used to repress legitimate political activities, have been implemented so far.

Having said a lot about where we have been and where we presently are, the real question you all probably have been asking yourselves is where does U.S. policy go from here. Let me assure you of one thing, the U.S. nonrecognition policy will continue. As I mentioned before, this policy is based on the fundamental principles of international law which indicate that any acquisition of territory based on aggression is unlawful and that all peoples have an inalienable right to self-determination. It should be up to the Baltic people to choose their national destiny, and I want you to know that the Bush administration remains committed to this principle.

We also intend to continue our present policy of closely monitoring human rights developments in the Baltics and pressing the Soviets for further positive changes. In particular, we expect and would insist upon the institutionalization of human rights reforms. They must become irreversible and independent of political winds blowing from Moscow. We also believe that we should establish and maintain regular contacts with a range of emerging political, social, and ecological informal groups in the Baltic States, including all of the popular fronts. In this process, we hope that people like you will continue to play an active role. A first and very important step is information sharing. We need to engage these groups in dialog and share with them our ideas, our knowledge of issues concerning them, and the tenets of our democratic processes.

In the weeks and months ahead, we will deal with the challenge and opportunities presented by change in the Baltic States. Such issues as that of trade shows, passports, and representations in international organizations will be considered. In this regard, the administration is cognizant of and sensitive to the Baltic-American community's views and concerns. As events unfold in the Baltic States, we must keep in close touch as to deal most effectively with change. We look forward to receiving your views and working together closely toward realizing our common objectives: democracy, economic prosperity, and genuine national self-determination for the Baltic people.

79. CSCE Conference on the Human Dimension

Statement by the Head of the U.S. Delegation (Abram) Before the Opening Session of the Conference on the Human Dimension, Paris, May 31, 1989 (Extracts)[8]

On behalf of the American Delegation, I wish to thank the Government of France and the city of Paris for their excellent organizational work and warm hospitality.

The United States comes to this conference with a commitment to human rights that is central to the identity of the American people. The protection and promotion of fundamental human rights at home and abroad remains a primary American objective.

From the French Declaration of the Rights of Man and America's own Bill of Rights, we can trace an unbroken thread throughout history to the Universal Declaration of Human Rights and to the Helsinki Final Act.

The Helsinki Final Act was not designed to enshrine a status quo. It is an action program, designed both to meet the test of challenging time and to further the aspirations of our peoples. Therefore, the principal goal of the U.S. Delegation to the Paris meeting will be to engage in a thorough and open review of how human rights commitments are being implemented by the signatory states, including my own.

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Soviet Foreign Minister Shevardnadze told us yesterday that no state has the right to impose its notions of democracy on others. We agree that democracy need not be based on the system of any one state. But there are two universal principles of real democracy, incontestable.

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[8] Source: Department of State *Bulletin*, September, 1989, pp. 88–90. Abram made his statement at the opening session; the conference met May 30–June 23. The conference was mandated by the concluding document of the 1989 Vienna Meeting of the Conference on the Security and Cooperation in Europe (CSCE): see Document 116.

First, the rights of the state are derived from the consent of the governed.

Second, free competitive elections, within and among multiple contending parties, are the only reliable means of testing that consent. For by right, people give power to the state; the state is not the source of the basic rights of man.

As President Bush suggested at NATO this week, one useful task for CSCE might be to develop standards for truly free elections, to ensure that all governments enjoy the consent of the governed. Together with free elections, Principle VIII of the Helsinki Final Act provides a way to heal Europe's spiritual and historical scars, including, I might add, the illegal incorporation of the Baltic States 50 years ago.

At this conference, my delegation will be pursuing three main goals.

First and foremost, we seek improved human rights performance. We want a thorough review of the implementation of all CSCE human rights commitments, by all parties, including ourselves. In this context, we recall the Vienna commitment to take steps "within 6 months" to solve all outstanding applications based on the human contacts provisions of Helsinki and the Madrid documents. Our self-imposed deadline is mid-July.

Second, we seek to evaluate our experience to date with the Vienna human rights mechanism, a constructive new tool for the conduct of human rights diplomacy by governments. As we see it, the Helsinki process can only profit from measures like this mechanism that increase openness and transparency. Effective confidence-building measures are just as important in the human dimension as they are in the military security sphere.

Third, we seek to ensure that this Paris meeting and all other meetings of the CSCE are open and accessible to interested citizens, journalists, and nongovernmental organizations. As we convene the Conference on the Human Dimension, it is particularly important that we reaffirm the contributions that individuals and nongovernmental organizations make to the CSCE process. After all, we are here on the people's business.

In my country, the nongovernmental organizations are engines of change that pull and tug our democracy forward. Our Constitution protects freedom of association and guarantees access to the halls of government. In matters of the environment, education, human rights—indeed, all aspects of our national life—citizen groups have contributed mightily to America's progress.

We find it disturbing that interested citizens from some of the Eastern countries appear not to have received permission to attend this Paris meeting. All meetings on the human dimension must take place in conditions of maximum openness and public access.

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80. "I Deeply Deplore the Decision To Use Force"

Statement by President Bush, June 3, 1989[9]

It is clear that the Chinese Government has chosen to use force against Chinese citizens who were making a peaceful statement in favor of democracy. I deeply deplore the decision to use force against peaceful demonstrators and the consequent loss of life. We have been urging, and continue to urge, nonviolence, restraint, and dialog. Tragically, another course has been chosen. Again, I urge a return to nonviolent means for dealing with the current situation.

The United States and People's Republic of China over the past two decades have built up through great efforts by both sides a constructive relationship beneficial to both countries. I hope that China will rapidly return to the path of political and economic reform and conditions of stability so that this relationship, so important to both our peoples, can continue its growth.

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[9] Source: *Weekly Compilation of Presidential Documents*, June 12, 1989, pp. 838–839. For additional information regarding human rights in China, see Documents 307 ff.

81. The Fight for Freedom and Democracy in Burma

Address by the Deputy Assistant Secretary of State for Human Rights and Humanitarian Affairs (Dobriansky) Before the Federation for Human Rights and Democracy in Burma, Long Beach, California, September 19, 1989 (Extracts)[10]

A year ago, on September 18–19, the world witnessed bloodshed and violence on the streets of Rangoon. These tragic events were not an isolated episode in Burmese history. For a long time, the legitimate democratic aspirations of the Burmese peoples have been neglected and suppressed. In fact, since 1962, a repressive military government has ruled Burma, without either obtaining a mandate from the people or even respecting fundamental human rights. Large-scale indiscriminate killings, torture, and arbitrary detentions have marked the regime's standard response to Burmese citizens' peaceful attempts to express their desire—and fundamental right—for a return to multiparty democratic system. Regrettably, the most recent demonstrations culminated in yet another military crackdown.

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Since last year, the military regime has also sought to stamp out political opposition. By decree, gatherings of more than four persons are considered illegal, and within only the last 2 months, thousands of members of the opposition political parties have been arrested in military roundups throughout the country. The entire leadership of the People's Progressive Party and members of the Executive Committee of the League of Democratic Allies have been imprisoned. The regime has actively blocked the activities of Burma's most energetic, popular, and respected political leader, Aung San Suu Kyi, the daughter of Burmese national hero Aung San. As the leader of Burma's largest opposition political party, the National League for Democracy, she has been under house arrest since July 20.

The regime's crackdown on dissent has been pervasive and ruthless. Torture, beatings, and mistreatment of political prisoners are frequent and in some instances have resulted in death. In a number of cases, prisoners are crowded into small cells, knee deep in water, or forced to stand in water while being interrogated. Sleep deprivation, beatings resulting in severe eye and ear injuries, electric shock to the genitals, and other reprehensible torture tactics appear to be routine methods for questioning.

In addition, the judicial system, the police, and penal institutions have lost any semblance of independence and have been turned into instruments of oppression. In July, local military commanders were bestowed with summary powers of trial and execution, resulting in accused persons being deprived of any legal means to defend themselves. Military tribunals, composed of people completely lacking in legal training, make the final determination on all cases, political or criminal. Defense lawyers are severely limited in what they are allowed to say and reportedly under warning that too vigorous a defense can result in negative consequences for both the client and the lawyer.

Human rights abuses also have continued to be inflicted upon the ethnic insurgents. For many years, the military has rounded up ethnic minorities and has pressed them into service as porters forced to carry heavy supplies and to walk in the vanguard of troops when ambushes, booby traps, or minefields were expected. Reports abound that following the military takeover of last September, the Burmese military has been using young ethnic Burmans for forced labor.

As a result of the continuing reprehensible violations of human rights, from 3,000 to 4,000 Burmese students now find refuge in the Thailand–Burma border area. Any who have not fled the cities remain subject to arrest, torture, and possible execution. Many of those who voluntarily returned to Rangoon in the aftermath of the coup were allegedly executed.

The 1988 coup dealt our hopes for progress toward democracy in Burma a severe setback. The Burmese people today live in a repressive, military state where political and civil liberties are restricted, allegations of torture, arbitrary detentions, and executions abound, and the general living conditions are extremely poor.

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[10] Source: *Current Policy* No. 1227, Bureau of Public Affairs, Department of State, November 1989.

Given these egregious human rights abuses and the suffering of the Burmese people, what are the prospects for free and fair elections next May, as promised by the present Burmese Government? With the regime's campaign to eradicate any free political expression or opposition, it is difficult to conceive how a fair election will be held in May. Additionally, the government has taken steps to implement the election law in a way that appears to favor the National Unity Party, the successor to the Burma Socialist Program Party. The government has also stated that only elections to a constituent assembly will be held in May, with the military remaining in power until a new constitution is ratified.

Despite the rigid controls placed on society and brutal punishments meted out to members of the opposition, the courageous Burmese people have not been deterred in their struggle for freedom and democracy. Strong, relentless appeals for democratic change and reform ring loudly throughout Burma. This attitude is not surprising; courage and perseverance are traditional traits of the Burmese people.

What can and should the United States do to help the Burmese people in their valiant fight for freedom and democracy? Appropriately, the U.S. response following the government's bloody crackdown on the demonstrations last year was to suspend all U.S. economic and military assistance to Burma. In addition, we have repeatedly raised directly with the Burmese authorities and also in our public statements our concern about human rights violations in Burma. Throughout, we have sought to enlist the support of other nations. And our efforts have born fruit. Other democracies and international organizations have joined us in criticizing Burmese human rights violations and demanding a return to democracy.

For example, earlier this year, the UN Human Rights Commission issued a statement[11]calling for the Burmese Government to take the necessary steps to assure human rights and fundamental freedoms of the people of Burma. The commission also will review cases of alleged human rights abuses when the full commission meets in February and March of 1990. Meanwhile, on September 8, the European Community released a strong statement expressing its concern about the worsening human rights conditions and requesting that the Burmese authorities end repression and respect the Burmese people's desire to establish a democratic society through free elections.

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For years, the heroic Burmese people have been deprived of the opportunity to exercise their right of self-determination. Nevertheless, it is clear that using brute force against peaceful demonstrators is not the answer. No oppression, however awesome, can forever deny to the people the realization of their fundamental human and political aspirations. As Thomas Jefferson said, "the desire for freedom is universal." History, through the passions and energies of freedom-loving men and women, has a way of rejecting sooner or later nonviable ideas and solutions. Sooner or later the dream of the Burmese people will be realized. It is toward this goal that we should all strive.

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82. Czechoslovak Human Rights Violations

Statement Issued by the Department of State, November 20, 1989[12]

The disturbing events in Prague during the last few days have caused the U.S. Government to protest the Czechoslovak Government's consistent pattern of violations of the Helsinki Final Act, particularly Principles VII and VIII. Respect for the human rights of Czechoslovakia's citizens, including their inherent right to self-determination, is essential if there is to be any improvement in U.S.-Czechoslovak relations. Now, as in the past, only full respect for the human rights of Czechoslovak citizens can provide the basis for stable, long-term good relations between the United States and Czechoslovakia.

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[11] See U.N. doc. E/CN.4/DEC/1989/112, March 8, 1989, a decision made by the U.N. Commission on Human Rights without a vote.

[12] Source: Department of State files. The statement was made available to news correspondents by Department of State Spokesman Tutwiler.

Because of the violent police actions this past weekend, during which scores of peaceful demonstrators and U.S. and other international media representatives were brutally beaten, we have decided that the proposed visit to the United States of Czechoslovak Communist Party ideology chief Jan Fojtik is inappropriate at this time. We are disappointed that the actions of the Government of Czechoslovakia have made a mockery of the U.S.-Czechoslovak dialog begun in a sincere atmosphere in New York. We are even more disappointed that the Czechoslovak Government has demonstrated so violently its unwillingness to address its citizens' hopes for democracy.

These actions by Czechoslovakia are in direct violation of its commitments under the Helsinki Final Act. Under the provisions of Principle VII, all participating states consider themselves bound to abide by the provisions of the Universal Declaration of Human Rights. It is, therefore, in breach of this undertaking that Czechoslovak police and paramilitary forces have prevented citizens of Prague to assemble peacefully, a right set forth in Article 20 of the Universal Declaration of Human Rights.

Czechoslovak authorities have also consistently denied to Czechoslovak citizens the right to freedom of expression as set forth in Article 19 of the declaration. Note should also be taken of the fact that the stated aim of the peaceful demonstrators is the realization of the right to take part in their government, a right set forth in Article 21 of the Universal Declaration of Human Rights, yet consistently denied to the people of Czechoslovakia.

The winds of change are sweeping through central and Eastern Europe. As a signatory to the Helsinki Final Act, the U.S. Government welcomes the changes which reflect the commitment of many new leaders to redeem the promises of a democratic society made by their predecessors. It is, therefore, with deep regret that the U.S. Government notes that Czechoslovakia, joined by only one other signatory of the Helsinki Final Act—Romania—as well as Europe's sole nonsignatory nation—Albania—continues to adhere to the policies of the past.

For the sake of the people of Czechoslovakia, who have known democracy and freedom and who have suffered so grievously, the U.S. Government hopes the Government of Czechoslovakia will promptly reconsider its policies and bring them into line with the provisions of the Helsinki Final Act.

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83. Human Rights Issues Around the World

Statement by the Permanent Representative to the United Nations (Pickering) Before the Third Committee, November 27, 1989 (Extracts)[15]

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The United States is very strongly encouraged by the progress of freedom in a number of countries of Central and Eastern Europe. We congratulate the Government and people of Hungary on the adoption of a new law that outlines specific procedures associated with the registration and operation of political parties. We likewise congratulate the Government and people of Poland for their dramatic achievements leading to true parliamentary democracy. Further, we are pleased that the Berlin Wall and other border areas of the German Democratic Republic are no longer rigid barriers to the freedom of movement.

The United States warmly welcomes the improvements with respect to human rights that are currently taking place in the Union of Soviet Socialist Republics. We believe that the Soviet Union has made a significant start in bringing out far-reaching reforms, and are pleased to note the commitment of Soviet leaders to creating a society that will be governed by the rule of law. This is a complex undertaking, and it will necessarily extend over a period of years. It would be a mistake to underestimate the difficulties that lie ahead or the human rights problems that still persist.

My government looks forward to major revisions in Soviet legal codes, so that each citizen will have complete freedom of expression, association, and assembly. Soviet officials have stated that they intend to carry out all the provisions of the Helsinki Final Act[14] and of the concluding document of the Vienna conference, as issued in January 1989. We encourage them to do that. We find it especially hopeful that there has been a significant increase in the number of Soviet citizens who have been given permission to emigrate. The Supreme Soviet is now codifying the right of Soviet citizens to travel abroad, either for short trips or to establish permanent residence. We hope that all those previously denied permission to travel will now be allowed to do so.

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[15] Source: U.S. Mission to the United Nations Press Release USUN 170–(89), November 27, 1989. Pickering's statement was made during debate on Item 12, The Report of the Economic and Social Council.

The Governments of the United States of America and of the Union of Soviet Socialist Republics have developed a productive bilateral dialog on human rights questions. Our two governments are engaged in a series of joint projects that will have the effect of supporting Soviet efforts to institute the rule of law and develop a more humane society. The United States finds this cooperation highly valuable, and for our part we firmly intend to continue it.

Bulgaria has new leaders who have expressed their commitment to democratic change. The United States hopes that these reforms will ensure respect for the rights of ethnic minorities, for that is a distinguishing mark of truly democratic societies. We regret that over a period of years, Muslims of Turkish ethnic origin and other Muslims in Bulgaria have been subjected to a series of official policies which seem to threaten their religious beliefs and ethnic identity. For example, they have not been permitted to practice their religion freely or speak Turkish in public, and they have been forced to adopt Slavic names. Last summer over 300,000 Muslims migrated from Bulgaria to Turkey; in recent months, some have chosen to return. We welcome the initiation of bilateral discussions between Bulgaria and Turkey, aimed at finding better ways to address this situation.

. . . .

Mr. Chairman, the South African Government sponsors and enforces arrangements for systematic discrimination, asserting that the color of one's skin makes some human beings superior to others. This premise is innately inhuman. The United States is firmly committed to ensuring that apartheid is brought to an end. We have repeatedly stated that our objective is to see the Government of South Africa establish a new constitutional order founded upon equality, a democratic system based on a universal franchise, and effective constitutional guarantees of fundamental human rights for all.

The question of the violation of human rights in the occupied Arab territories of the West Bank and Gaza occurs in the context of the pressing need of an overall peace settlement in the Middle East. Since the end of the 1967 war, the United States has regarded Israel as the occupying power in the occupied territories, which includes the West Bank, Gaza, East Jerusalem, and the Golan Heights. The United States considers Israel's occupation to be governed by The Hague regulations of 1907 and the 1949 Fourth Geneva Convention concerning the protection of civilian populations under military occupation.[15] Israel is therefore responsible for maintaining law and order in the occupied territories in accordance with broadly accepted standards of human rights. We regret and deplore the violence in the occupied territories from all sides. We oppose the use of excessive force, especially the indiscriminate use of firearms, for the purpose of maintaining order, as well as other practices such as administrative detention, deportation, and the destruction and sealing of personal dwellings without due process and in the form of collective punishment. We urge the reopening of educational institutions and respect for their important status by all sides.

The United States has called for restraint by all parties. We believe restraint will also contribute to bringing about a peaceful, negotiated settlement of the dispute. As a measure leading to a comprehensive peace settlement, the United States hopes it will be possible to work out mutually agreed arrangements which will permit the establishment of a dialog between Israelis and Palestinians, so that elections can be held in the occupied territories.

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[14] For text of the Final Act of the Conference on Security Cooperation in Europe, signed at Helsinki, August 1, 1975, see Department of State *Bulletin*, September 1, 1975, pp. 323–350.

[15] Convention Relative to the Treatment of Prisoners of War, signed at Geneva August 12, 1949, entered into force October 21, 1950, for the United States February 2, 1956; 6 UST 3316.

In Iran, there have been many political changes this year. Nevertheless, as the Special Rapporteur recently noted, Iranian authorities continue to carry out serious abuses of human rights. From a variety of sources, there are credible reports attesting to widespread use of torture and summary executions, the denial of fair trials and due process, as well as the ongoing incarceration of thousands of political prisoners. Iran's efforts to regain full standing as a respected member of the world community will be assisted by the continuing efforts of Iranian authorities to eliminate all these abuses.

Regarding Iraq, the United States remains concerned over the hardships imposed on hundreds of thousands of Kurdish and Assyrian villagers who lived along Iraq's borders with Iran and Turkey. Citing security reasons, the Iraqi Government destroyed hundreds of villages and relocated the inhabitants to large cities and settlements in the northern part of the country. We note that Iraq is drafting a new constitution which will incorporate guarantees for basic human rights. We urge that these rights be recognized, not just in theory but in practice as well.

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In relation to China, the United States has both deplored and taken specific steps in reaction to the lethal violence used in June to suppress the demonstrators in Tiananmen Square in Beijing, as well as the subsequent arrest and punishment of those who had exercised their right of free expression, assembly, and association.

We urge that Chinese authorities permit the peaceful expression of divergent political views, avoid further violence, and comply with universally recognized standards of human rights. This expression of concern is closely related to our hope that China will resume the path of political and economic reform which has been so closely tied to the past decade, and which has brought significant benefits to the Chinese people.

The United States regrets that trials continue in Tibet for those arrested during independence demonstrations last March and in smaller protests this fall. We are aware of numerous reports that Tibetans are being mistreated in prisons and detention centers, but it is difficult to verify these accounts. That is because Chinese authorities have prevented virtually all foreign diplomats and journalists from visiting Tibet since martial law was imposed in March. We urge the Chinese Government to lift martial law in Tibet and permit visits by diplomats, journalists, and representatives of international human rights organizations.

In Myanmar, the present military government has scheduled elections for May 1990. On the other hand, the government's actions over the past few months justify doubts that a truly fair election will actually take place. For example, ordinary democratic political activity has been severely curtailed by a longstanding curfew and a decree which prohibits gatherings of more than five persons. Myanmar's most energetic and popular political leader is Aung San Suu Kyi, the Secretary-General of the largest opposition party. But she and U Tin Oo, the Chairman of the same party, remain under house arrest. In addition, thousands of party members have been arrested over the past few months. The Governments of the United States and other countries have offered to supply electoral experts and election monitors, but the Government of Myanmar has given no indication that it will permit neutral or international observers to monitor the elections.

In relation to prison conditions, the United States has received credible firsthand reports that Myanmar authorities have employed torture and that political prisoners have frequently been beaten or otherwise mistreated. When the Commission on Human Rights meets next winter, we hope that it will give thorough and painstaking consideration to charges of human rights abuses in Myanmar.

Mr. Chairman, based on the 400-page report of an ambassadorial-level working group which visited Cuba in September 1988,[16] the Commission on Human Rights conducted an extended debate on human rights in Cuba during last winter's session. Thereafter, however, the Cuban Government intensified its crackdown on human rights activists, in spite of its solemn assurances to the Commission that no reprisals would be taken against witnesses who testified before the ambassadorial-level working group. Recent arrests leave the Arcos brothers' Cuban Human Rights Committee as the only active human rights organization.

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[16] Reference is to *Consideration of the Report of the Mission Which Took Place in Cuba in Accordance With Commission Decision 1988/106* U.N. doc. E/CN.4/1989/46, February 21, 1989, and U.N. doc. E/CN.4/1989/46/Corr.1, February 24, 1989. For President Bush's February 27 statement regarding the report, see Document 478.

In mid-July, 15 Cuban military and security officers were tried and convicted on charges of narcotics trafficking. Whatever may have been the merits of the case, it remains a fact that the accused officers were subjected to a show trial and to blatant violations of due process. Overall, Cuban citizens continue to be denied equal protection before the law, freedom of expression, freedom of peaceful assembly and association, and freedom to travel to and from their country.

As provided in decision 1989/113 of the Commission on Human Rights, the Secretary-General has been given primary responsibility for conducting a dialog with Cuban authorities concerning their human rights practices. We welcome the Secretary-General's initiatives and look forward to a thorough examination of all aspects of human rights in Cuba when the Secretary-General submits his report to the Commission.

The establishment of true democracy in Nicaragua is a crucial element of the Central American peace accords. Thus it is extremely important that next February's elections in Nicaragua be fully free and fair. Nicaraguan authorities have carried out certain electoral reforms which we welcome; but our concern is heightened by the fact that, as noted in a recent report of the Inter-American Commission on Human Rights of the Organization of American States, significant obstacles remain:

—The failure to declare a full amnesty.

—The government's monopoly over television.

—The ruling party's widespread use of government resources for partisan purposes.

—The lack of a system which would permit exiles to register and vote.

It is very important that the international community continue to press the Sandinista regime to honor its commitment to hold truly free and fair elections.

At a time of notable progress toward peace throughout Central America, it is intensely depressing that the FMLN in El Salvador recently launched a large-scale military offensive. This offensive has clearly failed, and fighting now seems to be ebbing. As in the past, there are numerous charges of human rights violations, and innocent civilians have often borne the brunt of the FMLN's indiscriminate violence. We applaud the determination of President Cristiani immediately and thoroughly to investigate the barbaric slaughter on November 16 of Father Ignacio Ellacuria and other Jesuit priests and staff of the University of Central America. He carries a heavy responsibility in ensuring that those responsible are brought to trial and punished according to law.

Democratic elections will be held next month in Chile, and that is clear evidence of significant progress there. But we share the Special Rapporteur's concerns about continuing abuses by police, security, and prison authorities, and we regret the continued activities of terrorists. It is unfortunate that the Government of Chile has discontinued its cooperation with the Special Rapporteur, and we hope that this question will be reexamined.

In conclusion, Mr. Chairman, I would like to stress the respect for human rights and fundamental freedoms is deeply rooted in the United States and permeates every decade of our history. We are intensely committed to the world community's efforts to enhance individual freedom, and I consider it a privilege to speak on this subject. Given the close connection between full observance of human rights and the continuing need to preserve the peace, there is no more important or more noble cause. Thank you, Mr. Chairman.

84. Suppression of Political Demonstrations in Romania

Statement by the President's Press Secretary (Fitzwater), December 19, 1989[17]

The United States condemns the brutal use of police force by the Romanian Government against protesters in Timisoara and other cities.[18] According to various reports, dozens and perhaps hundreds were killed by Romanian security forces. The Romanian Government has sealed Romania's borders and imposed a blackout of news and information.

The demonstrations in Timisoara and elsewhere were a result of the systematic denial of human rights to the people of Romania, particularly to members of the Hungarian minority. The repressive measures undertaken by the Romanian Government are totally unjustified and stand in stark contrast to the positive changes taking place elsewhere in Eastern Europe.

The United States calls upon the Government of Romania to cease this brutal repression, open its borders, and respect the human rights commitments of the Helsinki Final Act. We further call on Romania to permit international observers to visit Timisoara and other cities where violence has been reported.

B. Immigration and Refugees

85. FY 1990 Migration and Refugee Assistance Request

Prepared Statement by the U.S. Coordinator and Ambassador at Large for Refugee Affairs (Moore), March 22, 1989[1]

Mr. Chairman, Members of the Committee: I am pleased to be here today to present the Department of State's FY 1990 request for Migration and Refugee Assistance and the Emergency Refugee Migration and Assistance and the Department's authorization bill.

Mr. Chairman, the Department of State is requesting authorization for $370 million for the Migration and Refugee Assistance Appropriation (MRA) for FY 1990. We are requesting $10 million for the Emergency Refugee and Migration Assistance Appropriation (ERMA) account.

The U.S. refugee program is an essential expression of U.S. commitment to humanitarian principles as well as a means of supporting other U.S. foreign policy objectives. Our abiding, bipartisan, international commitment of assistance to refugees and ubiquitous diplomatic advocacy on their behalf projects our highest ideals throughout the world in which we live; and pursues the stability which is in our national interest through the alleviation of persecution, violence, and poverty which breed refugees. Through our programs, the Department allows for the admission and resettlement of refugees who are of the greatest concern to the United States and provides assistance to 13 million refugees worldwide for life-sustaining support, primarily through contributions to multilateral organizations.

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[17] Source: *Weekly Compilation of Presidential Documents*, December 25, 1989, pp. 1971–1972. The statement was read by Fitzwater during the White House daily press briefing, which began at 11:04 a.m.

[18] See Document 153.

[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 7, pp. 360–367. Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, David R. Obey, presided over the session.

The refugee program is facing great challenges and opportunities this year. On the one hand, program needs for admissions and assistance are at their greatest levels in recent years—a challenge indeed at a time when the administration and the Congress are focusing on limiting government expenditures. On the other hand, many of these needs have arisen as a direct consequence of our foreign policy successes, and offer the opportunity to begin to resolve longstanding problems that have faced the international community for some time. The FY 1990 MRA request reflects the concern for balancing the need to address humanitarian and other foreign policy objectives with the need to restrain spending.

REFUGEE ADMISSIONS PROGRAM

The Department is requesting $156.5 million for Refugee Admissions, which is estimated to support admissions of about 84,000 refugees—the same level of admissions funded in the FY 1989 appropriation. The actual admissions ceilings for FY 1990 will be determined by the President in the late summer after consultations with the Judiciary Committees, as required by the Refugee Act of 1980.[2]

There have been significant recent developments which impact the admissions programs. The most dramatic development is the continuing increase in the number of Soviets receiving permission to leave the Soviet Union and applying for refugee admission to the United States both in Moscow and in Western Europe. New, overdue, and most welcome policies of liberalized emigration and relaxation of prohibitions against departure from Communist countries challenge us to review our admissions policies in the context of the tremendous resource implications they now carry.

In the past few months, the levels of Soviet applications have greatly surpassed previous estimates, resulting in severe pressure on available resources. The Department currently has FY 1989 funding for 19,000 Soviet admissions (with funding for East European/Soviet admissions at a total of 25,500). The FY 1990 budget estimates admissions of 22,500 East Europeans and Soviets.

The President has just announced the administration's intent to request supplemental appropriations to the Congress of $100 million for the Migration and Refugee Assistance Appropriation for FY 1989. The primary goal is to address the need for additional resources for Soviet refugee admissions, although we are also requesting some funds for admissions of refugees from other regions and certain high priority refugee assistance needs. The Department is reviewing our policies, examining alternatives which might be implemented by FY 1990 and reevaluating resource requirements to manage the program over the long term.

For East Asia, the FY 1990 budget provides for a total of 49,500 admissions: 25,000 from first asylum; and 24,500 Orderly Departures from Vietnam, including 13,000 Amerasians and their family members. I remain hopeful that the Socialist Republic of Vietnam will resume negotiations on unrestricted access to resettlement programs by former reeducation center detainees and their families in the near future.

The request assumes that levels of admissions from the Near East/South Asia (6,500), the Western Hemisphere (3,000), and Africa (2,000) will be about the same as the FY 1989 consultations levels.

REFUGEE ASSISTANCE PROGRAMS

The Department is requesting $173.4 million for refugee assistance programs, an increase of about $1.9 million from the FY 1989 level. This request includes; $25.5 million for East Asia; $58.2 million for Africa; $80.3 million for the Near East/South Asia; and $11.2 million for the Western Hemisphere. Most of our contributions are channeled through international organizations including the United Nations High Commissioner for Refugees (UNHCR), the International Committee of the Red Cross (ICRC), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and the United Nations Border Relief Organization (UNBRO) for Khmer on the Thai-Cambodian border. The Department also supports activities of private voluntary organizations.

Our assistance program must deal into two problems: the pressure to keep expenditures down in the face of severe increases in humanitarian needs—the U.S.

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[2] P.L. 96–212, approved March 17, 1980; 94 Stat. 102.

percentage of support to such multilateral organizations as UNHCR and ICRC has slipped over the last 2 years significantly below traditional levels; and the tendency of the admissions program to eat up a larger portion of the overall MRA account—in FY 1984, roughly 70% of this budget went to assistance and in FY 1990, roughly 57% will.

A number of developments in regional refugee assistance programs are noteworthy.

Concerning East Asia, there will be an international conference on Indochinese refugees this summer in Geneva.[3] I have just returned from the preparatory meeting for this conference held in Kuala Lumpur. The goal of these efforts is to develop a comprehensive and revitalized approach to deal with Indochinese refugees, spurred by the largest outflow of Vietnamese boat refugees since the early eighties. Strong progress, with U.S. leadership, was accomplished at Kuala Lumpur toward acceptance of an integrated, mutually reinforcing strategy of balanced national commitments. Its components include the preservation of first asylum—our foremost concern; screening procedures to determine refugee status; assurances of third-country resettlement; plans for repatriation to the country of origin; and strengthened regular departure programs from Vietnam. Its commitments will be undertaken together by source countries such as Vietnam; by countries of refuge such as Thailand and Malaysia; and by resettlement and donor countries such as the United States, Canada, Australia, and Japan. Along with new structures and procedures to address the Indochinese refugee program, a successful Geneva conference will carry new resource implications. In addition, movement toward an agreement on Cambodia could require the initiation of programs to repatriate the 300,000 Khmer in Thailand.

In Africa, we are heartened by our major foreign policy success in southern Africa that promises to lead to repatriation of Namibian refugees and independence. We hope that will create a climate for resolution of other refugee problems in southern Africa. At the same time, we are preoccupied with the growing numbers of refugees and displaced persons and with the seeming intransigence of the conflicts that generate these refugee situations. The number of African refugees has reached 4 million, up from 3 million last year. The ICRC is providing relief to as many as 1 million displaced persons.

In the Near East and South Asia, we are concerned with two major issues. First, the Afghan refugee population remains the largest single refugee group—more than 3 million persons in Pakistan, and 2 million in Iran. Owing to the successful conclusion of an agreement on the Afghan conflict and the Soviet withdrawal, the United States hopes that the political and military conditions in Afghanistan will so improve as to allow the repatriation of refugees in time, although in the immediate term, refugees are still arriving in Pakistan. Second, UNRWA, which provides assistance primarily through education and medical programs for Palestinian refugees in the Middle East, has increased program needs in the West Bank and Gaza particularly for emergency medical care needed because of the Palestinian uprising and the Israeli response.

In Central America, there is an influx of Nicaraguans into other countries in the region. There will be an international refugee conference in May to address Central American refugee needs.[4]

Emergency Refugee Migration and Assistance (ERMA)

The President recently responded to several increased, unforeseen assistance needs by authorizing the use of $17.5 million from the Emergency Fund. This drawdown included $5 million for the UNHCR appeal for funds to repatriate refugees to Namibia; $5 million for the ICRC appeal for Afghan conflict victims; and $2.5 million for the U.N. Special Coordinator for Afghanistan. A sum of $23 million in the fund is available only for other Afghan needs through a program of the Agency for International Development. A balance of $12.6 million is available for other refugee needs.

OTHER ACTIVITIES

The Department is also requesting $30.3 million for other activities. Of the total, we are requesting $20 million for the Refugees to Israel program for FY 1990.

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[3] See Document 287.

[4] See Document 87.

The remaining $10.3 million includes a contribution to the headquarters budget of the International Committee of the Red Cross and the assessed and voluntary contributions to the Intergovernmental Committee for Migration.

ADMINISTRATION

The Department is requesting $8 million for the administrative expenses of the Bureau for Refugee Programs. This includes funding for 107 permanent positions.

Mr. Chairman, thank you for this opportunity to present our budget. I welcome the questions of the subcommittee.

86. Emergency Refugee Act of 1989

Statement by the U.S. Coordinator and Ambassador at Large for Refugee Affairs (Moore), April 6, 1989 (Extracts)[5]

. . . .

The occasion for this important hearing is the surge in immigration from the Soviet Union. The administration views this phenomenon as a signal success for the sustained bipartisan policy of the United States toward the Soviet Union in the postwar era, a policy which emphasizes human rights for Soviet citizens and calls specifically for freedom of immigration.

I am pleased to have the opportunity today to review the policy initiatives the administration is taking in response to the current unprecedented rate of applications by Soviet immigrants for resettlement in the United States. In particular, as U.S. Coordinator for Refugee Affairs, I wish to present formally the President's proposal to raise the refugee admissions ceiling for fiscal year 1989.

. . . .

Our policies for dealing with Soviet immigration cannot be developed in isolation from other refugee needs, both for domestic resettlement here and for international assistance abroad. Our international refugee policies and responsibilities are intimately linked with basic bilateral and multilateral foreign policy objectives and, with limited resources to meet multiple refugee problems, the United States cannot respond to individual demands without maintaining equity in our humanitarian responses worldwide.

There are some 13 million people in the world who have fled persecution and armed conflict often combined with natural disasters, and less than 1 percent of them in a given year will be resettled in any third country, including the United States. Our challenge in dealing with new refugee crises around the world, as well as with the continuing tragedy of long-stayers in refugee camps, is that despite our far-flung energies and strong leadership in humanitarian assistance to refugees we face both inadequate international resources to meet all of the needs and we face the moral dilemma of deciding who needs help the most.

In the past year we have witnessed the effects of a major change in the emigration policy of the Soviet Union. Persons or categories of persons who had never before been allowed that opportunity became eligible to apply for exit permits to the United States, to Israel, to Germany and elsewhere. Applications at Embassy Moscow have soared from a rate of about 1,500 per month in fiscal year 1988 to a current rate of upwards of 4,000 a month. Simultaneously, the number of Soviets entering Austria with permission to go to Israel, almost all of whom opt to apply to the United States, has more than tripled in the past 6 months, from less than 1,000 per month in fiscal year 1988 to between 3,000 and 4,000 per month since December. These are far and away the highest rates in this decade, and Congress and the administration can share credit for the role the United States has played in bringing about this new Soviet emigration policy.

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[5] Source: *Soviet Refugees: Hearing Before the Subcommittee on Immigration, Refugees, and International Law of the Committee on the Judiciary, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 35–39. Chairman of the subcommittee, Bruce A. Morrison, presided over the session which concerned H.R. 1605, a bill to provide for the emergency admission of additional refugees during FY 1989, to transfer temporarily certain funds available for State legalization assistance grants to programs to assist in the admission of emergency refugees and to replenish subsequently such funds, and for other purposes.

The success of this leadership, however, does not equate immediately or easily with the more complex reality which the Congress and the executive branch share, and which cuts across their various jurisdictions, of U.S. immigration and refugee policies defined in specific statutes that set eligibility standards, prescribe a process to establish annual numerical ceilings, and appropriate funds for federally supported services.

Let me briefly recount the steps the administration has taken to date.

First, in December, we advised Congress of a decision to reallocate 7,000 refugee admissions numbers from other regions to the Soviet Union, as an interim measure, in order to ensure that all regional programs could continue without interruption. Along with the front-loading of admissions numbers earlier into the fiscal year, this enabled us to maximize the use of numbers available under the worldwide ceiling and to continue processing all groups, including Soviet applicants, at rates which minimized the backlog problem. We also instituted humanitarian parole and encouraged private funding as further efforts to manage the increased pressures in the short term.

Second, we have been addressing capacity in Rome and Moscow to meet the increased workload. INS officer strength is obviously, as has been stated here this morning, a critical variable in determining how many applicants can be processed per month, but it is not the only one. Consular staff, other Embassy support personnel, practices of host nations, and the ability of the voluntary agencies are also important factors in our efforts to keep up with an increasing flow of applicants. In Moscow, as the subcommittee knows, we face also the particular impediment of the bilateral personnel ceiling within which we have to find space not only for INS and consular officers but also for American citizen clerical and support personnel.

Third, we have been working hard on an initiative to create a new provision in U.S. immigration law to give the United States the flexibility to admit for permanent resettlement persons of humanitarian and foreign policy concern who do not qualify under current immigrant or refugee provisions. Secretary Shultz and Commissioner Nelson testified to the need for such a provision in the consultations hearings last September, and this administration sent its proposed legislation to Congress yesterday.

The administration has been concerned, as have you, that the use of the Attorney General's parole authority as an avenue of admission to the United States for applicants who are not found eligible for refugee status, although a valuable interim resource and the only statutory authority available, is inadequate. The new legislation seeks to correct that deficiency, and, most importantly, will accord the beneficiaries the full rights of other permanent residents of the United States, including the right to qualify for citizenship, which parolees do not have. With specific regard for the problems faced by Soviets who enter as parolees this fiscal year, our legislation proposes a retroactive adjustment of status to come under this new special immigrant category. We hope and request that Congress will give this legislation prompt and serious attention.

Fourth, on March 24 the President submitted a request for fiscal year 1989 supplemental appropriations which includes $85 million, for the refugee admissions program and $15 million for critical refugee assistance needs in Africa and Southeast Asia. The $85 million for refugee admissions is expected to provide funding for the State Department costs for 28,500 persons. Added to the 84,000 refugee admissions which were funded in our fiscal year 1989 appropriations, this could provide State Department funding for a new total of 112,500 refugee admissions.

Fifth, I would like to advise the subcommittee that the Department of State has commenced a comprehensive interagency policy review of the whole subject of Soviet emigration. This is going to get at some of the longer term issues as well as the short-term attention we are giving now, Mr. Chairman, and when this has been completed we will want to come to the Congress to discuss our conclusions.

The sixth step is to engage emergency consultations with Congress prior to a determination by the President to raise the fiscal year 1989 refugee admissions ceilings, and I am here today in fulfillment of the statutory requirement to present formally the President's proposal to raise the refugee admissions ceiling for fiscal year 1989.

Pursuant to the procedures for emergency consultations which are set forth in Section 207 of the Immigration and Nationality Act,[6] as amended, the Congress has been advised by letter of the President's proposal. Because this is a truly urgent matter, we appreciate, Mr. Chairman, the opportunity to discuss this proposal at your hearing today, in full recognition that the subcommittee has not had time to study the proposal in detail. We intend that the requirement of the statute for in-person discussions by a Cabinet officer representing the President will be met by a meeting to be arranged in the near future.

The President proposes that the refugee admissions ceiling for fiscal year 1989 be raised from 94,000 to 116,500, and that the refugee admissions ceilings authorized under Presidential Determination No. 89–2 of October 5, 1988, would be modified to be as follows: 2,000 numbers for Africa; 28,000 for East Asia first asylum; 22,000 for East Asia, Orderly Departure Program; 50,000 for Eastern Europe and the Soviet Union; 7,000 for Near East and South Asia; and 3,500 for Latin America and the Caribbean. There would be a total of up to 112,500 admissions for which Federal funding could be used, and the 4,000 numbers reserved for private sector initiatives would be retained, for a total ceiling of 116,500. This is an increase of 22,500 over the currently authorized 94,000 figure.

I would like to mention two specific effects of this proposal.

First, we are now proposing in our supplemental appropriations request to provide State Department funding for all refugee admissions within the 112,500 total. In other words, from the point of view of the State Department program, the 6,000 so-called semi-funded numbers with which we began the fiscal year will now be fully funded.

Second, under the President's proposed new ceilings and the supplemental appropriations request, we proposed to restore 4,000 numbers from the December reallocation. The East Asia first asylum regional ceiling will be restored to the original Presidential determination levels, 28,000. The Near East/South Asia regional ceiling will also be restored to the original level, 7,000. For the Vietnam Orderly Departure Program, we proposed to restore 2,500 numbers to a new level of 22,000 admissions compared to the original 25,000 ceiling. At this point in the fiscal year, taking into account actual and anticipated rates of departure from Vietnam, as well as the numbers of U.S.-approved persons now in our training programs, it is most unlikely that more than 22,000 persons funded under this ceiling, which includes funding for Amerasian immigrants as well as refugees, could enter the United States this fiscal year.

I regret to report that despite our continuing efforts, the Socialist Republic of Vietnam has not yet agreed to resume discussions on a program to permit resettlement of former re-education center detainees through the ODP program.

As U.S. Coordinator, on March 30, I convened a meeting to obtain the views of the voluntary agencies, which have responsibility for overseas processing of refugees and for the early stages of their resettlement in the United States. The agencies were generally supportive of both the need for using the emergency provision to raise the admissions ceiling and the range of numbers presented to them, at that point a range of 20,000 to 25,000 numbers increase. They did, however, raise several particular issues: the need for additional numbers for Eastern Europeans, for Pentecostal applicants from the Soviet Union, and for Armenians in the Near East region; the higher rate of rejection in the latest round of processing of Vietnamese Orderly Departure Program applicants; and the fear that any supplemental funding for Soviet admissions might result in diminished funds for other parts of the refugee program.

I also consulted, Mr. Chairman, with 25 representatives of State and local governments at our March 31 meeting. While generally recognizing the need for some increase in admissions, they pressed for a commensurate increase in domestic funding for the Department of Health and Human Services, and also voiced concerns about the effect of increased parole and regular immigration admissions for which no domestic benefits are provided on their financial ability to provide resettlement support.

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[6] P.L. 82–114, approved June 27, 1952; 66 Stat. 163.

We believe that the revised refugee admissions proposed by the President, if supported by the supplemental appropriations we have requested, will enable the United States to sustain our generous admissions programs for refugees from the Soviet Union and the rest of the world for the remainder of this fiscal year.

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87. Developing Solutions for Central American Refugee Problems

Address by the U.S. Coordinator and Ambassador at Large for Refugee Affairs (Moore) Before the International Conference on Central American Refugees, Guatemala City, May 30, 1989 (Extracts)[7]

The U.S. Delegation wishes to congratulate the countries of Central America as well as the UN High Commissioner for Refugees (UNHCR) and the UN Development Program (UNDP) for organizing this humanitarian undertaking on behalf of the uprooted of the region. My government comes to this conference sharing the concerns of the organizers—having studied the plan of action—and prepared to work with the other participants in addressing our shared concerns about both the protection of and assistance to refugees, displaced persons, and repatriates in Central America.

The United States believes that it is important to move beyond legalistic debates and focus on defining a concrete plan of action appropriate to the situation in the region and desirable from a humanitarian point of view. While my government does not consider the Cartagena Declaration and the principle documents prepared for this conference as statements of international law, we appreciate the humanitarian and generous spirit underlying them.

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Under our national laws, the United States generally offers permanent resettlement and the protection of *non-refoulement* only to people who meet the convention definition of refugees. In the assistance area, however, the United States can and does assist not only convention refugees but persons externally and internally displaced by civil strife and natural disasters. In 1989, we will contribute $10.5 million for aid to refugees, repatriates, and displaced persons in this region through UNHCR and ICRC; in the decade of the 1980s, the cumulative total for these programs has reached $105 million. Clearly, the longer term needs of refugees and repatriates will require an even larger response from these organizations. The United States and other donors must increase their efforts to support them.

The disadvantaged groups, who are the subject of this conference, also benefit substantially from the broader program of U.S. assistance to the region. The U.S. Government, through the Agency for International Development (AID) and multilateral financial and development institutions, provides significant amounts of assistance to Central America in support of the countries' efforts to achieve peace and development. While the United States has been working with Central American programs for several decades, our bilateral assistance has increased sharply in this decade. We have provided over $5 billion in direct assistance since 1984 alone. These resources flow through our bilateral programs in Belize, Costa Rica, El Salvador, Guatemala, and Honduras and through a regional program involving institutions such as the Central American Bank for Economic Integration and the Nutrition Institute for Central America and Panama.

The principal goals of U.S. economic assistance are to support the return of economic stability to the region, to establish the foundation for broad-based, sustained growth, and to encourage the growth of democracy and democratic institutions. All U.S. assistance—balance-of-payments support, sector programs, project assistance, and food aid—support these goals.

U.S. aid programs in the five countries mentioned earlier are now contributing over $700 million annually toward these goals. Their focus in each country is both national and in areas with significant refugee returnee and displaced populations. Projects include water supply, rehabilitation of rural roads and bridges, microenterprise credit, primary health care, employment generation, housing, agricultural assistance, family planning services, municipal development, sanitation, feeding programs, forestry, irrigation, soil conservation, and primary education.

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[7] Source: Department of State *Bulletin*, August 1989, pp. 87–88.

In addition to these projects, AID supports in a number of specially targeted programs totaling over $100 million in El Salvador, Costa Rica, and Honduras that focus directly on refugees and displaced persons. These programs, of course, vary in the level of resources and sectors of activity depending on the characteristics, problems, and priorities of each country.

In this regard, the United States finds the diagnostic studies prepared for this conference to be a valuable source for highlighting the priorities of each of the affected countries with respect to programs affecting the uprooted. We are distributing, along with the text of these remarks, an outline of how our aid programs relate to the priorities identified by the affected countries in these studies. As we seek to maintain our economic assistance to the region at roughly the $700 million level over the next few years, we will give close consideration to these priorities.

In each of the countries, there are bilateral AID missions to work with the countries and nongovernmental organizations to follow up on this conference. Our delegation includes a contingent of AID representatives from the region prepared to engage in this process starting today.

As we move on to the next steps, we think it is important to recognize that donors will be most responsive to the real problems of the refugees and displaced persons if the final proposals which emerge are sound analytically, realistic in estimates of those genuinely in need, and feasible in the specific responses to those needs and in the capacity of truly representative host country institutions to implement them.

The United States believes that funding of individual projects should be achieved through direct contacts between individual donor countries, recipient countries, UNHCF, and UNDP. Follow-up mechanisms will most certainly be an important part of the ongoing process, but there is no need to create new ones. Conversion of the preparatory committee as is called for in the plan of action, or any of a number of regional bodies already in place including those associated with Esquipulas II, could serve the purpose. The U.S. Government would react positively to a call for a post conference review later in the year to assess developments and activities stemming from our deliberations here.

It is clear that progress addressing the root causes affecting the peace and well-being of the people of the region in general, and the uprooted in particular, is essential to the success of our mutual endeavor. My government heartily endorses the draft declaration's commitment to the establishment of firm and lasting peace in the region and views it as a fundamental prerequisite for long-term refugee solutions.

We fully endorse and support the goals contained in the Esquipulas and Tesoro accords to which all five Central American countries are signatories. Their goals of democratization of all the nations in the region and an end to subversion and destabilization from regional or extraregional sources in the isthmus must be pursued as an integrated whole. The United States stresses that these accords must be based on credible standards of compliance, strict timetables for enforcement, and effective ongoing means to verify both the democratic and security requirements embodied in the two agreements. Lasting peace and an end to violence in the region can only be achieved by democratization and economic development.

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Document 87

88. Proposed Policy for Vietnamese and Soviet Refugees Admissions

Prepared Statement by the Deputy Secretary of State (Eagleburger), September 15, 1989 (Extracts)[8]

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I plan to concentrate on two subjects of particular concern to this administration's foreign policy—Indochinese asylum seekers and Soviet emigration. As is apparent from the President's proposal for refugee admissions,[9] the situations in these two regions are creating the greatest demands on our refugee policies and on our resources. Before turning to these issues, however, I would like to say a word about how our refugee programs relate to U.S. foreign policy.

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Our humanitarian dilemma in responding to refugee situations lies in the uncertainty of the time frame in which political change will make the voluntary repatriation solution possible. We have had great hopes for the Afghans, yet the fighting in their homeland continues and the refugees remain in Pakistan and other neighboring countries. We have hopes for the Central American peace accord, so that Nicaraguans can return home in peace and safety. We hope that the recent repatriation to Namibia will be part of the successful birth of a new nation founded on democratic principles. We hope that a way to a peaceful future can be found for Cambodia. And we hope that political change in Poland and Hungary will remove those nations from their long-held position on the list of refugee-producing countries.

Almost all of the world's refugees and displaced persons are thus caught in limbo until such major political change occurs. The task facing the U.S. Government and the American people is to respond with our advocacy, with our leadership, and with our available resources to work toward the desired political change and, in the interim, to sustain the life and welfare of the refugees.

Within this context we must acknowledge that our refugee admissions program—which is separate from and in addition to the normal U.S. immigration program—gives a small minority of the world's refugees the extraordinary opportunity to become Americans. Yet, here too we are presented with a dilemma. To some degree it is the very promise of America that causes people to seek to leave their countries in search of the freedom and better life which America represents. We therefore must not create false expectations that are beyond our capacity to fulfill, lest we cause people to abandon their homes only to be left in limbo without any place to go. Moreover, as stated in the Refugee Act of 1980, we must encourage other nations to do their share in providing assistance and resettlement opportunities.

Let me now turn to the two most prominent refugee producing countries—Vietnam and the Soviet Union.

Vietnamese Asylum Seekers

Since 1975, over 1.5 million Vietnamese have been resettled in third countries: 900,000 of them in the United States alone. Not only has the flow of Vietnamese asylum seekers continued for 14 years, it has increased in the past 2 years. The enormous pressure that this has placed on the countries in the region led to their call for the International Conference on Indochinese Refugees that I attended in Geneva this past June. The principles endorsed by that conference, as set forth in the document called the Comprehensive Plan of Action (or "CPA") are of critical importance and can be summarized briefly.

First, in order for there to be a truly viable alternative to clandestine flight, Vietnam must allow the legal emigration of all persons eligible for resettlement country programs.

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[8] Source: Department of State files. Eagleburger's statement was made before a hearing of the Subcommittee on Immigration and Refugee Affairs, Committee of the Judiciary, United States Senate.

[9] See *Proposed Refugee Admissions for Fiscal Year 1990: Report to the Congress.* Office of the U.S. Coordinator for Refugee Affairs, Department of State, September 1989. See also *World Refugee Report: A Report Submitted to the Congress as Part of the Consultations on FY 1990 Refugee Admissions to the United States.* Bureau for Refugee Programs, Department of State, September 1989.

Second, nations in the region must allow asylum seekers to arrive safely and must treat them humanely.

Third—and this point is essential for our discussion today—there must be a legitimate process, in full compliance with international standards, to determine who is a bona fide refugee. In other words, the era of automatic resettlement for anyone who leaves Vietnam is over. Persons determined not to be bona fide refugees will not be resettled. Instead, they will be offered voluntary repatriation under a program administered by the U.N. High Commissioner for Refugees (UNHCR).

For the U.S. admissions program, there are two key elements in the CPA—one short-term, one long-term. In the short-term, we have made a commitment to join a multilateral 3-year effort to resettle all of the Vietnamese asylum seekers who had arrived in first asylum countries prior to agreed cutoff dates. The U.S. share will be some 22,000 out of a total population of approximately 55,000—or 40 percent. I am pleased to report that our Embassies, INS office, and voluntary agency partners in the region are already vigorously at work to achieve half of the total U.S. offtake commitment in the first year. The United States is also committed to resettle our share of the new arrivals who are determined to be bona fide refugees.

The long-term goal is to expand and improve our Orderly Departure Program (ODP) so that Vietnamese qualified for U.S. immigration and refugee programs will have—and will believe that they have—full access to the avenue of legal emigration. To that end we have recently taken three initiatives. First, we have expanded the interviewing capacity of our consular and INS teams to a rate of 4,500 persons per month in Ho Chi Minh City. Second, we are pressing the Vietnamese to allow the departure of up to 20,000 immigrant beneficiaries per year—persons who would not require refugee numbers. And third, a new, historic agreement between the United States and Vietnam came into force on August 28 which provides for the resettlement in the United States of former reeducation center detainees and their families. This population, to which we have sought access through sustained negotiations for the past 7 years, represents those Vietnamese who have suffered most due to their association with the United States or the Government of South Vietnam during the war period. These are the individuals with the strongest claim to U.S. resettlement, and it is therefore an extremely important development that they, too, will now have access to the ODP system. We hope to start interviewing these individuals as soon as October, beginning at a rate of 1,000 per month.

In sum, the Vietnamese refugee problem is longstanding and extraordinarily complex. It will not disappear simply because of the International Conference. Our response—indeed, the response of the 56 nations that participated in the International Conference—is an effort to gain control over the problem with a comprehensive set of policies and principles. We are trying to bring the numbers down to manageable proportions. We are trying to convey an honest and responsible message to persons still in their country of origin, so that they do not make life-changing decisions based on false expectations. And we are trying to expand the U.S. capacity to handle an orderly, legal emigration program in the country of origin.

Soviet Emigration

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The enormous increase in Soviet emigration over the past 2 years should be celebrated for the benefit it offers to people long deprived of this right. The administration, the Congress, and the American people should be proud of our sustained and forceful advocacy of human rights for Soviet citizens, and particularly our insistence on freedom of emigration for Soviet Jews. This is a great success for our American foreign policy. In addition to the evidence of numbers, we now expect that the Supreme Soviet will soon act on new emigration legislation which would bring the Soviet Union far closer to acceptable international standards.

While we applaud these developments, we must be honest in appraising our national ability to respond to unprecedented, unpredictable, and previously unmanaged flows of people.

In FY 1989 we have taken a series of interim measures to respond to this situation. Through the emergency determination process, the President more than doubled the refugee admissions ceiling for the Soviet/Eastern European region from 24,500 to 50,000. Congress responded promptly to the President's request for $85 million in supplemental funds. And Attorney General Thornburgh announced that he would exercise his parole authority to benefit all Soviet applicants who were determined not to qualify under the refugee provisions of the statute. In addition to these programs for refugee applicants, the U.S. Embassy in Moscow also expects to issue approximately 500 regular immigrant visas in FY 1989.

For FY 1990, we are proposing a further increase in the refugee ceiling to 50,000 for the Soviet Union alone, plus 6,500 for Eastern Europe. We realize that there is a funding gap to be closed, which we estimate to be $58 million. The administration is committed to working with the Appropriations Committees to find the necessary funds for the President's program, recognizing that we must do so without infringing upon other important foreign policy programs and priorities.

Finally, the administration has introduced legislation which could take effect in FY 1990 to provide for the admission as special interest immigrants of up to an additional 30,000 persons per year. This would replace use of parole as a vehicle for the admission of applicants from the Soviet Union and other countries who may be of special interest to the United States but who are unable to qualify as refugees. Our legislation would also adjust the status of parolees who have arrived in the United States over the past year to that of permanent resident.

These measures, however, will not suffice for the longer-term. The problem cannot be solved as long as the primary route for Soviet nationals seeking resettlement in the United States is through Vienna and Rome. The situation in Rome is extremely costly, requiring more than $34 million for care and maintenance in FY 1989. Unfortunately, we are all familiar with the problem of Soviet emigrants in Rome who have not been found eligible for refugee admission and have not accepted the opportunity to enter the United States as parolees. We will certainly work to resolve the situation of these people—some 5,000 as of August 31. It is important that we institute a policy which ensures that no one leaves the Soviet Union in the future with false expectations as to the U.S. immigration laws and resettlement commitments.

For these and many other reasons, the administration has decided to put in place, effective October 1, a set of measures to ensure that new Soviet applicants for refugee admission are dealt with in Moscow rather than in Vienna and Rome. This involves expanding our processing capability at Embassy Moscow, and establishing a Washington center to assist the Embassy with processing the application paperwork, in addition to diplomatic initiatives with the Soviet Union and other visa granting countries.

Accordingly, after October 1, Soviet emigrants seeking admission to the United States will be required to apply at the U.S. Embassy in Moscow, unless they possess an Israeli visa predating October 1. Persons departing the Soviet Union with Israeli visas dated on or after October 1 will be assumed to have left the Soviet Union with the intention of emigrating to Israel; they will not be eligible to apply in a third country for refugee admission to the United States.

Those who are already in the pipeline as of October 1—a number we estimate may be well over 30,000—will continue to be adjudicated according to current procedures.

Finally, because we anticipate that the demand for scarce refugee admissions numbers may exceed our proposed admissions ceiling of 50,000, we will have to put in place some system of priority for scheduling interviews in Moscow. In accordance with our customary practice in refugee admissions processing throughout the world, we shall give first priority to cases of family reunification. We will continue to interview and accept for U.S. admission persons without family ties in the United States. Since we can neither control nor predict demand, we can give no guarantee that everyone who wishes to apply can be processed in any given time period.

Conclusion

In closing, I would like to return to the point—which certainly applies both for Vietnam and for the Soviet Union—that the United States must make every effort to match our policies to our promises, and our promises to our resources. As foreign governments reform their treatment of legal emigration, we will continue to seek to expand our capacity to manage the orderly migration of people of concern to the United States. At the same time, we will endeavor to convey an honest and responsible message to persons still in their country of origin so that they do not make life-changing decisions based on false expectations.

The United States is the acknowledged world leader in the promotion of human rights in countries around the world. The generosity of the United States toward the world's refugees is a deeply rooted, bipartisan policy which goes far beyond Washington to the beliefs of individual Americans and the activities of a myriad of voluntary, religious, and community organizations. The trend toward liberalization and democratization in the Soviet Union and Eastern Europe is an historic departure. Emigration is one manifestation—indeed, a central symbol—of the success of U.S. human rights policies. We now face the challenge of managing this success in accordance with our foreign policy interests, our humanitarian objectives, and our national priorities for utilizing scarce federal resources.

We believe the President's proposed admissions program for FY 1990, combined with our new policy for Soviet emigration, will constitute the most responsible and consistent national policy for dealing with this challenge.

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89. U.S. Refugee Policy Toward Eastern Europeans

Statement by the Director for Refugee Programs, Department of State (Lyman), November 2, 1989 (Extracts)[10]

I welcome this opportunity to discuss with the subcommittee the developments in Eastern Europe and their impact on the U.S. refugee program.

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In FY 1990, we are clearly entering a period of change. As Mr. Kamman testified, we are witnessing extraordinary liberalization and democratization in Poland and Hungary. One effect on our refugee program—which I think is purely common sense—is that the proportion of the applicants from those countries who are able to establish a well-founded fear of persecution in their individual interviews with INS will go down. In FY 1989, the INS approval rates were on the order of 50 percent for both nationalities. As the pace of political liberalization has accelerated over the past year, many of the conditions that led to this rate of eligibility for refugee status have been removed.

However, there may also be a companion effect that the removal of the barriers on freedom of travel may bring new waves of migrants seeking to resettle in the West. Economic opportunities in Poland and Hungary are still extremely limited, and we may well see applicants, who have lived under the severe restrictions of Communist societies for decades, seeking to emigrate now that the door is finally open. Some may fear that the current liberalization will fail and that authoritarian regimes will again come to power. One dilemma we face is the danger that the very existence of a continuing U.S. refugee admissions program for Poles and Hungarians will act as a magnet, drawing more people into Austria and other Western European countries.

In light of these changing conditions, the administration is currently reviewing our policy on processing Eastern European applicants. There is now a backlog of some 25,000 persons—more than 80 percent of whom are Poles and Hungarians—who had registered with a voluntary agency in Western Europe prior to the end of FY 1989, and who have not yet been interviewed by INS. Of this population, we estimate that less than 10 percent may have any ties to the United States (i.e., our Priorities 1 to 5). Currently, INS offices in Europe are authorized to interview Priority 1 to 5 Polish and Hungarian cases.

Eastern Europe can no longer be considered monolithic, and this is particularly true in the refugee field. While the political and human rights situations in Poland and Hungary have improved, the opposite is true for Bulgaria and Romania.

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[10] Source: Department of State files. Lyman's statement was made before the Subcommittee on Immigration, Refugees, and International Law of the Committee on the Judiciary, House of Representatives.

Between May and August, some 320,000 Bulgarian Turks have fled to Turkey. Since the border closing in August, there has been an increase in the numbers of Bulgarians appearing in Austria and other Western European countries.

In the past year, about 17,000 ethnic Hungarians have fled from Romania and registered as refugees in Hungary. In addition, in the last few months the majority of new arrivals in Hungary have been ethnic Romanians, indicative of a problem much broader than ethnic strife.

As a result of these two situations, for the first time in many years the United States is looking at Eastern European refugees not solely in terms of resettlement programs but also in terms of international assistance programs. Hungary recently acceded to the U.N. Convention on Refugees, and UNHCR has commenced a $5.3 million assistance program in that country. In FY 1989 the United States contributed $500,000 to that effort. In Turkey, although there is no international assistance program in place, the United States will want to respond generously to Turkey's need for financial support to bear the cost of this new population.

In terms of asylum seekers applying for resettlement, the most significant new development is the number of Romanian asylum seekers entering Yugoslavia. Arrivals in FY 1989 were more than double the 4,000 who entered in 1988.

For FY 1990, the challenge for our policy on processing Eastern European applicants is to differentiate, by a fair and understandable standard, among applicants from the several countries of Eastern Europe. Whatever our practice may have been in the past, we should now agree to assess the conditions in each country separately. The circumstances of a Polish applicant in 1989 are likely to be significantly different from the circumstances of a Czech applicant, and this is true for each of the Eastern European nationalities.

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C. Narcotics

90. Global Narcotics Cooperation and Presidential Certification

Prepared Statement by the Assistant Secretary of State for International Narcotics Matters (Wrobleski), April 5, 1989 (Extracts)[1]

The Bureau of International Narcotics Matters will provide testimony today, on behalf of the Department of State, concerning the determinations on narcotics cooperation, which President Bush certified to Congress on March[2] and on the International Narcotics Control Strategy Report (INCSR),[3] which provides the basis for those decisions.

President Bush certified The Bahamas, Belize, Bolivia, Brazil, Colombia, Ecuador, Hong Kong, India, Jamaica, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Paraguay, Peru, and Thailand. The President gave a national interest certification to Lebanon and denied certification to Burma, Laos, Panama, Syria, Iran, and Afghanistan.

But the administration did much more than simply certify cooperating countries. President Bush, in effect, gave four ratings: certification, certification with explanations, national interest certification, and denial of certification. The President provided special statements explaining the certifications of The Bahamas, Bolivia, Colombia, Mexico, Paraguay, and Peru. Secretary Baker, in a special letter to Congress said that he and President Bush "are both deeply troubled by the state of affairs upon which he based his certification decisions. Despite the hard work and dedication of many public servants and private citizens, both here and abroad, the international war on narcotics is clearly not being won. In fact, in some areas we appear to be slipping backwards."

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[1] Source: Department of State files. Wrobleski made this statement before the Subcommittee on Terrorism, Narcotics, and International Communications of the Senate Foreign Relations Committee.

[2] Presidential Determination No. 89–11, February 28, 1989, "Certifications for Narcotics Source and Transit Countries," *The Federal Register*, Vol. 54, No. 43, March 7, 1989, p. 9413. Secretary Baker forwarded the determination to Congress under a cover letter dated March 1.

[3] *Department of State International Narcotics Control Strategy Report 1989* (Washington, March 1, 1989).

"Nonetheless," the Secretary continued, "we present you these certifications in good faith in the hope that we can work together against the drug menace. For six countries, there are statements that explain the certification while acknowledging that each of the six can and must do more in the future to end the drug trade."

With respect to denial of certification, let me note that aid is not a factor in Syria, Iran, and Laos or with the Government of Afghanistan; aid had been previously suspended to Burma and Panama. Laos is reportedly seeking a loan through the Asian Development Bank, which will have to be opposed. We do have a continuing interest in POW/MIA investigations with Laos, which was the basis for the previous national interest certification. However, we felt that the information we had concerning official involvement was compelling, given the requirements under Section 2013(b).[4] Trade sanctions are discretionary to the President, and no recommendations are made affirmative or negative on trade sanctions for the six countries denied certification.

Our annual report was submitted to Congress on March 1 and, for the benefit of this hearing record and for those in the audience who have not read the INCSR, my testimony presents the major findings in the report.

Several critical milestones were met during 1988. Peru eradicated 5,130 hectares of coca—possibly offsetting for the first time any expansion of Peru's coca crop which has been increasing by an estimated 10% a year. Bolivia exceeded its coca eradication targets ahead of schedule and passed landmark legislation which outlaws coca cultivation in most of that country. Colombia seized 23 metric tons of cocaine, while The Bahamas seized 10 tons of cocaine. The year 1988 presented some opportunities for progress:

—The election of new governments in Mexico and Pakistan;

—Evidence of greater international willingness to assist nations facing problems with drug production and trafficking; and

—The growing awareness among developing nations now faced with drug abuse epidemics that inaction can no longer be tolerated.

We have seen a new willingness by nations to work together at the United Nations, at the economic summit, and on regional initiatives, actions which will have consequences for narcotics control in South America. Nations recognize that they cannot confront the problem alone, that one nation's progress has generally resulted in a shift in production and traffic to more vulnerable, less vigilant nations.

However, there were disappointments in 1988: the continuing expansion of the Andes coca crop, particularly in Bolivia, and the slow progress of Andean governments in agreeing upon strategies which include wide-scale herbicidal eradication. Central to a viable cocaine control strategy is destruction of a good percentage of South America's coca crop, an objective which cannot be achieved through manual eradication. In 1988 farmers in Peru, Bolivia, Colombia, and Ecuador cultivated 193,136 hectares of coca; manual eradication destroyed 6,896 hectares, or nearly 4% of the coca acreage in these countries.

U.S. policymakers were confronted once again in 1988 by the reality that political and economic instability in drug-producing areas can subordinate drug control agendas to other pressing concerns. Narcotics production and trafficking often go hand-in-hand with enormous social and political problems.

Expansion of the world's opium crop, especially in politically inaccessible areas threatens to increase U.S. heroin supplies. There is concern among some domestic drug abuse experts that heroin popularity will rise partly as a result of the highly publicized negative consequences of crack and of increased production in Southeast and southwest Asia.

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[4] Section 2013(b) of the Anti-Drug Abuse Act of 1986, P.L. 99-570, approved October 27, 1986 (100 Stat. 3207), requires the Department of State to report any drug producing country or major drug-transit country in which any senior government official "engages in, encourages, or facilitates the production or distribution of illegal drugs." The Department of State reported these countries in the *Department of State International Narcotics Control Strategy Report: Mid-Year Update, August 1989* (Washington, August 1, 1989).

On the positive side, marijuana production continues to decline in traditional growing areas in Colombia, Jamaica, and Belize, although Colombia experienced an increase in new areas. Ironically, reduction in international marijuana supplies puts the United States in the indefensible position of being a major supplier to the domestic and international market.

. . . .

During the next year, the Bureau of International Narcotics Matters intends to support program goals around the world in the following ways.

Latin America and the Caribbean

Bolivia, as President Bush noted in his statement, must do more to halt the spread of coca cultivation. We think Bolivia can gain control of coca expansion by ensuring that the new antinarcotics law is upheld and by vigorously administering the involuntary eradication program. Bolivia must also intensify interdiction activities to further disrupt cocaine processing and encourage farmers to seek other livelihoods as a result of shrinking coca markets. Funding in FY 1990 will be used for both interdiction and eradication: special emphasis will be placed on infrastructure support to field units.

Colombia's judicial system has suffered significant violence at the hands of major trafficking organizations; that nation must address problems in its system and take necessary steps which will enable them to bring traffickers to justice. The continuing expansion of Colombia's coca crop is troubling and needs to be checked, preferably with an aerial eradication campaign. New marijuana plantations must be destroyed, again through aerial means. President Bush noted all of these concerns in his certification statement, which contained this summary assessment:

> Few countries, if any, have contributed more of their national resources or lost so many lives in the effort to curb narcotics trafficking. We continue to stand in admiration of Colombia's determination, Yet, we are sensitive as well to how much more needs to be done, directly and bilaterally. As much as has been done. Colombia must do more, not just to eradicate crops, but to overcome corruption and intimidation. Colombia fights a two-front war against the traffickers and insurgents, too often in league with one another. We will continue to assist in meeting that challenge.[5]

In FY 1990, program funds will be used to support antinarcotics police enforcement efforts throughout the country to destroy cocaine processing laboratories, to interdict cocaine, and build upon the existing aerial campaign to eliminate cannabis entirely. Funds will also be used to support aerial eradication of coca should that occur.

Paraguay remains a significant drug transit point and is probably used as a money laundering center. Following last year's decision to provide Paraguay with a limited "national interest" certification, a stronger commitment was made in 1988 by Gen. Stroessner, which resulted in several significant seizures and arrests and the passage of a tough new narcotics law. As President Bush said, "We are taking a wait-and-see attitude on all aspects of the relationship with new President Andres Rodriguez." We have called upon the new Paraguayan Government to take the kinds of actions that will curb trafficking in cocaine and other drugs, and President Rodriguez has promised to "wage a firm and intransigent struggle against drug trafficking." Paraguay is cooperating currently on aerial marijuana eradication, which is an encouraging step which we hope will lead to other concrete actions to stem the production and flow of drugs.

Peru needs to expand eradication through use of herbicides where appropriate in its anticoca campaign. Over the coming months, we will press the agenda advanced by President Bush:

> The manual eradication effort in 1988 was an extraordinary improvement over the meager results of the previous year, but there is need for an even stronger crop control effort in 1989, including completion of the aerial tests; enforcement in the Upper Huallaga Valley has had limited effect as a restraint on production or trafficking, and corruption is a problem. There is a need for a strong commitment from the Peruvian

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[5] Colombia summary statement, attached to Presidential Determination 89-11. Summary assessments were also done on The Bahamas, Bolivia, Mexico, Paraguay, Peru, and Lebanon.

military against the combined, violent forces of traffickers and insurgents.[6]

By working closely with the international environmental community, Peru can gain significant support for actions which will ameliorate trafficker damage to the environment. Peruvian enforcement operations should also be intensified to interrupt cocaine processing in the field. FY 1990 funds will support eradication and interdiction; security for field workers will remain a high priority, necessitating greater protection from the Peruvian Government.

Our Latin American regional funding will be dedicated to the containment of cocaine and marijuana production and trafficking in the region. By supporting eradication campaigns in Belize, Venezuela, and other marijuana production countries worldwide, cannabis supplies will be reduced. Brazil's continuing efforts to eliminate coca and marijuana production and cocaine trafficking will be supported. We will also look carefully at opium production in Guatemala during the next year and will support eradication there. In countries such as Paraguay, Uruguay, Argentina, Chile, Haiti, Honduras, and the Dominican Republic, the Bureau of International Narcotics Matters will seek ways to support enforcement operations, upgrade the enforcement capabilities of police, and support regional enforcement activities.

Mexico must expand and intensify its poppy and cannabis eradication programs, using aerial surveys to compare pre and post eradication totals to verify the destruction of crops. An improved Operation Vanguard should be resumed next year. We will continue working with the Government of Mexico on the issue of corruption. Mexico is capable of improving its eradication campaign and could achieve the same successful results as they did in the 1970s: improvements must be made by increasing aircraft utilization rates and alleviating current pilot shortages. Cocaine interdiction efforts could also be improved. Increased funding is requested in the FY 1990 budget to cover costs of maintenance support for the Mexican eradication fleet and aerial survey efforts.

Jamaica has kept down marijuana production and should continue to do so through repeated eradication campaigns. The U.S. Government looks forward to working with the government of newly elected Prime Minister Michael Manley, building on recent progress in eradication and enforcement. Trafficking networks must be dismantled and traffickers brought to justice. Jamaica also needs to launch a comprehensive drug prevention program aimed at preventing an increase in cocaine abuse. Aerial eradication is a priority for FY 1990, and funds will be used to provide aircraft support for eradication and interdiction, maximizing the efficiency of Jamaica's programs.

The Bahamas should seek ways to undertake more independent interdiction activities and complement current U.S.-supported operations. OPBAT is working well—the 10 metric tons of cocaine and 13 metric tons of marijuana were seized in 1988, continuing the strong record of this bilateral program—and the Bahamian experience can be valuable to other Caribbean countries plagued by drug trafficking. Drug-related corruption continues to be a major concern. FY 1990 funds will continue in support of enforcement operations.

Asia and Africa

We will continue to work with Asian governments, where possible, to check opium expansion and drug abuse. Central to our program is the use of herbicides to destroy narcotic crops, and Asian governments will be urged to employ them in eradication campaigns.

Continued discussions with Laos, most recently in January 1989, have identified areas of potential bilateral cooperation. Bilateral programs in training and narcotics crop control are currently in the planning stages.

Further reductions in Thailand's opium crop will be supported as well as eradication of their marijuana supplies with FY 1990 funding; funds will also be used for interdiction programs to eliminate heroin trafficking.

Funds have temporarily been suspended to Burma; we will continue to watch that political situation closely, waiting for an opportunity to revitalize the opium eradication campaign. If and when assistance flows, FY 1990 funds will be provided to continue operations aimed against opium producers and heroin traffickers, supporting ongoing programs to maintain and repair rotary and fixed-wing aircraft previously supplied to the Burma Air Force.

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[6] Peru summary statement.

Pakistan's opium crop must be reduced significantly, and we are urging that government to make use of aerial application of herbicides to do so. Pakistan's new leaders must enforce the opium ban and must redouble efforts to dismantle heroin trafficking networks; destroy laboratories; and arrest, try, and convict major traffickers. FY 1990 funding will support the extension of Pakistan's ban on opium poppy cultivation to the Bajaur and Mohmand regions by introducing improved agricultural crops and by providing alternative sources of income through an integrated rural development plan which includes roads, schools, wells, and rural electrification. Funds have also been included in the FY 1990 budget for Afghanistan in the event that by late 1990 the political situation might permit negotiation of bilateral crop control efforts.

We will continue to support small-scale enforcement programs in Turkey and in African countries in an effort to reduce heroin supplies coming to the United States.

Global Support

Interregional Aviation Support. During 1989, interregional aviation support will become increasingly important as Latin American governments intensify eradication and enforcement operations. Airwing assets will be used in Colombia and other countries to eradicate marijuana and in Guatemala for opium and marijuana eradication. In Peru, aircraft will continue to transport eradication workers and equipment and will be used in enforcement operations. In Bolivia, assets will continue to be used in interdiction activities. In FY 1990, the program will support the overall maintenance, hangaring, and operational costs for 54 Department-owned aircraft used in aerial and manual eradication, interdiction operations, and survey and logistical support activities. The principal focus will continue to be in the source countries of Peru, Bolivia, and Colombia, as well as smaller efforts in Jamaica, Guatemala, and Belize, in accordance with our airwing strategy.

Interregional Training and Demand Reduction. During 1989, our funds will be used to train foreign officials in a variety of law enforcement techniques. Two foreign journalist workshops, sponsored by Voice of America, are scheduled, and our money is being used to fund the startup of USIA's International Narcotics Information Network which will provide U.S. Embassies with direct information links to Washington to facilitate the sharing of public information on drug abuse, trends, policies, and U.S. and international antidrug efforts. Public awareness training courses are also scheduled for host country prevention experts. During FY 1990, the Department will provide expanded U.S. Drug Enforcement Administration and U.S. Customs Service training for approximately 2,200 foreign officials from 55–60 countries. This training will include 50 in-country programs, 14 programs conducted in the United States, and 30 executive observation programs. Increased emphasis will be placed on other State-sponsored programs, e.g., maritime interdiction training and narcotic-detector dog training.

Our public diplomacy and demand reduction program contributes to international narcotics control by mobilizing support for narcotics control policies and programs in key producing and transiting countries.

International Organizations. In 1989, the Department of State will support ongoing activities of the UN Fund for Drug Abuse Control, the OAS, ASEAN, and the Colombo Plan. The FY 1990 budget will provide expanded funding for the UN drug control agencies, including the UN Fund for Drug Abuse Control, the Colombo Plan's efforts for regional narcotics control activities, and other drug programs undertaken under the auspices of other international organizations such as the Organization of American States and the Pan American Health Organization.

Program Development and Support. Finally the FY 1989–90 budget provides funds for technical and administrative support for the overall international narcotics program which is not otherwise tied to bilateral projects or specific interregional activities. This budget provides funding for Washington-based personnel costs, program development and evaluation, special studies, and administrative costs of the bureau.

Document 90

Summary

Many lessons about the overall effectiveness of our international narcotics control programs were learned during 1988. More than ever we understand that persistence and flexibility are crucial to the long-term success of eradication and interdiction programs. Eradication success will not be measured in a single growing season or even two; the true measure of effectiveness in eradication is the unwillingness of farmers to replant once their crops have been destroyed. Interdiction success is not only a function of the number of seizures reported or laboratories hit but also a function of the institutional capabilities of host countries to attack all links in the drug chain.

One of the most important tasks ahead is to gain control of the cocaine situation through an integrated program of demand reduction at home, eradication, and interdiction. We are at a crossroads in our cocaine strategy; while waiting for Andean governments to launch wide-scale coca eradication programs, the United States has had the opportunity to participate in enforcement operations which require paramilitary expertise, not traditionally resident in drug enforcement organizations. Questions abound: Should the United States continue to commit resources and personnel to operations in the Andean jungles? Are the right agencies being tasked to carry out these missions?

Whatever decisions are made within the next year, one fact remains clear: We will have only limited success in battling cocaine until we forge a comprehensive, multifaceted strategy which recognizes that cocaine is not simply a law enforcement issue but is also a complex foreign policy and economic matter, requiring a long-term approach.

Our international strategy, reported in detail in last year's report, calls for us to explore the possibility of creating a "superfund" to provide economic incentives to nations cooperating with the United States in narcotics control. We stated that such a fund could contain as much as $300 million to be granted to cooperative governments in an effort to bolster their legitimate economies and thus compete against the influence of billions of narcodollars. While such a fund may be considered expensive at a time of limited resources, it is a small amount compared to the huge profits generated by the international drug trade. We also need to explore ways to use Third World debt as a lever in gaining cooperation on drug control issues.

The antidrug legislation of 1988[7] suggests several actions in the area of international narcotics control including exploration of a multilateral strike force, convening a Western hemispheric summit on drugs, and the creation of an international cocaine strategy. The Department will review these recommendations during the coming year.

Southwest Asia

Afghanistan, denied certification last year, produced 700–800 metric tons of opium in this past year and remains a principal but politically inaccessible source of opium/heroin for European and U.S. drug markets. Given the current instability in the wake of the Soviet withdrawal, there are no forecasts as to the time and circumstances under which a government in Kabul will attempt to suppress cultivation and refining. The situation is complicated by the resettlement of Afghan refugees who may turn to opium as a cash crop, increasing the likelihood that production may increase.

India, the world's major producer of licit opium for processing into pharmaceuticals, is of increasing concern to U.S. officials as a transit route for Pakistani and Burmese heroin and for precursor chemicals used in manufacturing heroin. In the last 2 years, concern has grown over diversion from licit production. India continues to reduce licit production in response to a declining market for opium gum. Diversion is estimated at 60–120 metric tons, primarily for domestic consumption. India has long had a sophisticated money laundering system which is but one element in a thriving underground economy. To counter narcotics money laundering, India has adopted new asset forfeiture legislation.

Iran was denied certification last year on grounds of noncooperation. U.S. officials estimate opium production at 200–400 metric tons. While this amount would not satisfy Iran's domestic addict population, opium and heroin are flowing across Iran from Pakistan and Afghanistan and exported through Turkey and other routes to Western markets.

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[7] Anti-Drug Abuse Act of 1988, P.L. 100–690, approved November 18, 1988; 102 Stat. 4181.

Nepal is an increasingly used transit point for heroin produced in Pakistan and the Golden Triangle, some of it routed through India and conveyed onward by India traffickers. There is concern that traffic could increase in 1989 with the opening of a new international terminal at the Kathmandu airport. While there is no conclusive evidence of money laundering, there is a thriving market in gold, part of which is believed related to narcotics smuggling.

Pakistan opium production remained high in 1988 (205 metric tons), reflecting political instability in growing areas and the continued expansion of the country's domestic addict population. Spurred by awareness of this problem, which may now include 1 million heroin addicts, Prime Minister Bhutto has publicly committed her government to a strong antinarcotics program, including strict enforcement of the poppy ban in all areas. Law enforcement agencies maintained high seizure and arrest rates but have not pursued major traffickers. One major dealer is awaiting trial in Lahore and another may be extradited to the United States. Money laundering is not a major factor.

Syria is a transit point for illicit narcotics as well as a heroin refining center. Its military exerts significant influence over Lebanon's Bekaa Valley, allegedly profiting from widespread drug production and trafficking in that area. For these reasons, the United States twice denied certification to Syria. However, after a break of more than 2 years, limited discussions have begun on possible narcotics cooperation and assistance to Syria on demand reduction/prevention.

South America

Argentina is of increasing concern as a refining and transit center for cocaine destined for U.S. and European drug markets and as a source of precursor chemicals. U.S. officials are encouraged by a much improved enforcement effort in 1988 (seizures and arrests doubled) but worry about the increasing importation of Bolivian paste and the expansion of a network of domestic cocaine laboratories. The country has a high potential for money laundering.

Bolivia conducted its first significant eradication campaign in 1987–88, exceeding the initial target of 1,800 hectares, but a 20% surge in cultivation spurred by higher leaf prices dwarfed the impact of the voluntary eradication program. Bolivia passed a much-strengthened narcotics law and adopted implementing regulations, and its now-experienced crop control organization has set a target of 5,000 hectares for this year's program, which includes involuntary destruction of seedbeds. The enforcement picture brightened: major trafficker Roberto Suarez was jailed; the Bureau of International Narcotics Matters' airwing supported a DEA-assisted interdiction effort that sharply increased seizures of cocaine and paste and the number of base and cocaine labs destroyed. Bolivia is not a major factor in international money laundering.

Brazil is vital in the cocaine trade as a transit country for Andean traffickers, as a producer of precursor chemicals, and as an emerging coca cultivator. Police conducted two major eradication campaigns in 1988 and demolished eight cocaine labs and seized more than a ton of cocaine. Police also destroyed 5,240 metric tons of cannabis. These high levels of enforcement activity, maintained despite budget constraints, will be enhanced by $5 million in equipment from UNFDAC. Brazil is not a major factor in international money laundering.

Colombia deployed its military more extensively in an intensified effort to suppress cocaine refining, and the results were impressive: over 23 metric tons of cocaine seized, more than 800 labs destroyed including 29 major complexes, and about 600,000 gallons of precursor chemicals seized. Colombia has destroyed more than 90% of cannabis growing in traditional northern areas, but traffickers have planted extensively in the San Lucas Mountains and south in Cauca. Marijuana tonnage increased in 1988 despite an aggressive eradication campaign. Coca cultivation increased above the 1987 level; eradication of 230 hectares was conducted manually. Despite police efforts to harass the Medellin cartel and other trafficking groups, large amounts of cocaine continued to flow to the United States; almost 20 metric tons were seized by U.S. Customs. Overall enforcement remains hampered by a judicial system that has been intimidated by violence. Drug profits flow into and out of

Colombia, but money laundering per se is not a major activity.

Ecuador has fallen below the statutory standard as a coca producing source country but is a transit point for an estimated 30-50 metric tons of cocaine enroute to the United States and also a transit country for large quantities of precursor chemicals. Coca leaf production has dropped to 400 metric tons a year thanks to a vigorous eradication program. New laws are being proposed to curb trafficking in precursor chemicals; police confiscated 1,600 drums of chemicals which could have been used in the production of 16 metric tons of cocaine. While cooperation with U.S. enforcement authorities remains good, judicial corruption and inefficiency are considered program impediments. Some money laundering occurs but is considered minor.

Paraguay. U.S. officials are waiting to see what measures Gen. Rodriguez, the military leader who in February 1989 overthrew former President Stroessner, takes against drugs. Rodriguez, in the past, has been the subject of numerous allegations of illegal activity—including drug trafficking which he strongly denies. After years of indifference to narcotics control, Paraguay, in 1988, took several significant steps to improve its performance: it signed two narcotics agreements with the United States, including one providing for aerial spraying of marijuana, it adopted tough new legislation on narcotics, and it permitted DEA to open an office in Paraguay.[8] While Paraguayan Government authorities made several significant seizures of drugs in 1988, an important measure of the new government's commitment will be its performance in antinarcotics matters.

Peru conducted a vigorous manual eradication program in 1988 which destroyed 5,130 hectares of coca in 4 months and, for the first time in any Andean country, eliminated more coca than was planted. In addition, 184,000 square meters of coca seedbeds were destroyed. In 1987, only 355 hectares of coca and 8,000 square meters of seedbeds were eradicated. Fifteen times as many hectares of coca and 23 times as many seedbeds were destroyed in 1988 than in 1987. Peru also continued to test herbicides which could be used aerially against coca. Peru remains the largest cultivator of coca, at more than 115,630 gross hectares, but is primarily a supplier of paste for Colombian cocaine refiners. Enforcement in the Upper Huallaga Valley, the major growing zone, remains quite hazardous. The United States increased its support for interdiction and enforcement efforts, expanding the Bureau of International Narcotics Matters' airwing contingent in Peru to nine helicopters, while also expanding the force of DEA agents who assist the enforcement effort.

Venezuela is an important point for the transit of precursor chemicals and cocaine. Marijuana is cultivated along the border with Colombia, apparently by Colombian traffickers; as much as 3,000 metric tons of cannabis may be grown in Venezuela and exported via Colombia.

Central America and the Caribbean

The *Bahamas* continues to be a major transit country for cocaine and marijuana entering the United States and is an important money laundering center. Cooperation with U.S. enforcement agencies in 1988 is considered good, with numerous joint undercover as well as regular operations, including OPBAT, underway. U.S.-assisted operations resulted in the seizure of more than 10 metric tons of cocaine and more than 13 metric tons of marijuana. Following the arrest of several important traffickers, the Bahamas imposed new and more stringent sentencing; it is also more actively investigating corruption, which continues to be a factor affecting operational effectiveness. The Bahamas signed an agreement[9] in accordance with the Chiles amendment on February 17, 1989.[10]

Belize is no longer a major source country for cannabis, now producing only 120 metric tons a year thanks to a successful U.S.-assisted aerial eradication program. However, it is becoming an increasingly important transit country for cocaine from South America and marijuana from Guatemala. Law enforcement resources are limited, but enforcement capabilities are improving. Money laundering is not a factor.

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[8] Mutual Cooperation Agreement for Reducing Demand, Illicit Production and Traffic of Drugs, signed by the United States and Paraguay in Asuncion, September 22, 1988.

[9] Agreement on the Control of Narcotic Drugs and Psychotropic Substances, with Appendix, signed by the United States and the Bahamas, February 17, 1989.

[10] The Chiles amendment to the Foreign Assistance Act of 1961, P.L. 87-195, approved September 4, 1961 (74 Stat. 424), is a requirement under Section 481-H2B of the Anti-Drug Abuse Act of 1988 (P.L. 100-690) which requires foreign governments to have counternarcotics agreements with the United States in force.

Costa Rica is increasingly important as a cocaine transit country, with estimates that 6–12 metric tons of cocaine are being transported through its territory by air and sea. Authorities remain vigilant to the possibility of labs being established; but no new labs were found in the last 2 years. Cannabis cultivation appears to be less extensive than previously estimated, and the export trade is a minor enterprise. Costa Rica is not a major money laundering center, although a highly publicized money laundering trial has focused attention on the issue.

Cuba sits amidst some of the primary drug routes into the United States, and aircraft and seacraft are reportedly eluding U.S. agents by entering Cuban territorial waters or airspace. In the past, U.S. officials have accused Cuban officials of involvement, and indictments were returned against four ranking officials in 1982. Cuban authorities have publicly expressed an interest in antidrug cooperation with the United States but have not elaborated on what kind of cooperation they envision.

The *Dominican Republic* has become an ideal staging area and refueling stop for traffickers smuggling cocaine into the United States. Some marijuana is also transshipped by traffickers, who are attracted by the island's 63 airstrips. The government ranks the drug problem as a major priority and, in 1988, passed tough new antidrug legislation which imposes mandatory sentences. The very effective Joint Information Coordination Center—vital to the monitoring of drug traffic through that part of the Caribbean—can serve as a model for other countries. Money laundering is not a problem.

Guatemala increased in importance to the U.S. drug situation as major amounts of opium and marijuana were produced during the past year. U.S. officials estimate that as much as 150 kilograms of heroin are smuggled into the United States, probably under control of Mexican traffickers. Guatemala is also important to the cocaine trade, serving as a transit point for narcotics headed for Florida, Louisiana, and Texas and for precursor chemicals destined for South America. Guatemala has conducted effective eradication efforts and cooperates with U.S. officials on a chemical-tracking program and interdiction efforts. Money laundering is not a major factor.

Haiti improved its drug interdiction efforts in 1988 despite two coups and four governments. The Avril government improved the climate for cooperation. Seizures increased substantially in 1988, thanks in part to a new Center for Information and Coordination at Port au Prince airport, but the volume of trafficking remains beyond the capability of the narcotics police. U.S. enforcement agencies are concerned that the uncertain situation in Haiti and lack of strong control by the central government has led to the increasing use of Haitian waters and Haitian-registered vessels for the transshipment of cocaine. Although corruption remains a problem, the Avril government did remove from service a number of military officers suspected of involvement. There is little information on money laundering activity.

Honduras is a transshipment point for Colombian cocaine. The key event of 1988 was the arrest and expulsion of Matta Ballesteros, a major Honduran trafficker with Colombian connections; he is now imprisoned in the United States. Honduras signed a bilateral antinarcotics agreement with the United States last November,[11] accenting the cooperation evident in the opening of a permanent DEA office last May and in cooperation on seizures and investigations. While there have not been the dramatic seizures that occurred in 1987, U.S. and Honduran authorities collaborated on a seizure of 453 kilograms last August. There was also cooperation on operations at sea with the U.S. Coast Guard.

Jamaica has reduced marijuana production dramatically, from a high of 1,755 metric tons in 1986 to 405 metric tons in 1988. The island is also a transit point for cocaine; traffickers are now paying for services in kind, increasing the amount of cocaine available for Jamaican consumption. Money laundering does not appear to be a major problem, with most drug proceeds being laundered elsewhere. Cooperation with U.S. authorities remains quite good on the vigorous eradication campaign as well as interdiction and investigations. Seizures dropped below 1987 levels, but a number of improvements, including new procedures and expanded training, are in place for 1989 to enhance the enforcement effort. Heavy fines have been levied by U.S. Customs on airlines and shipping firms whose vessels have been used to smuggle narcotics out of Jamaica.

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[11] Agreement on Mutual Cooperation to Combat the Production of and Illicit Trafficking in Drugs, signed by the United States and Honduras, November 14, 1988.

Mexico expanded the scope of opium and marijuana eradication programs, while taking steps to improve operational efficiency. Cocaine seizures rose sharply. Still, Mexico remained the largest single country source for heroin, the second largest source for marijuana, and a leading transit point for cocaine. Newly elected President Carlos Salinas de Gortari has made antinarcotics programs a national priority for his new government, and the Attorney General's budget for 1989 will exceed $26 million—up from $19.5 million in 1987. A strong, positive tone for bilateral relations was set in an early meeting between then President-elect Bush and Mr. Salinas,[12] and the U.S. Government, anticipating continued improvements in the program, is prepared to cooperate with Salinas on these enhancements. However, U.S. officials are concerned about the inhibiting effects of corruption throughout the program. U.S. enforcement agencies continue to monitor instances of drug-related corruption within Mexico.

Nicaragua continues to be mentioned by informants and traffickers as a cocaine transit point. In 1986, there were accusations that top government officials were engaged in trafficking. Nicaragua is now cooperating with Costa Rica on drug matters but not with U.S. enforcement agencies.

Panama was denied certification in 1988 following the indictments of Gen. Noriega by two U.S. grand juries on charges of narcotics trafficking. Despite being fired by the lawful President of Panama in 1988, Noriega illegally remains in control of the Panamanian Defense Forces. Panama continues to be a principal money laundering center for the South American cocaine trade and a transit site for cocaine and precursor chemical shipments. Noriega's defiance of President Delvalle and continued control of Panama's police forces prevents President Delvalle from effectively implementing his policy of full cooperation with the United States. While some minimal cooperation continues between Noriega and DEA on a limited number of enforcement matters, cooperation on money laundering has bogged down since Noriega's indictment. President Delvalle's government continues to allow boarding of Panamanian flag vessels by U.S. narcotics officials. U.S. prohibition on aid to the Noriega–Solis regime continues.

Europe and the Middle East

Bulgaria is a vital transit country for heroin smuggled along the Balkan truck route from southwest Asia and the Middle East. Although known traffickers were previously operating openly in Sofia, as a consequence of pressure from the U.S. Government and other European states, the Bulgarians have restricted these activities. There has also been some improvement in Bulgarian cooperation with U.S. law enforcement agencies. A recent investigation involving laundering large amounts of drug money through Switzerland revealed the involvement of Bulgarian nationals. There is no restriction on the amount of foreign exchange that can be brought into Bulgaria by foreign nationals if these monies are properly documented.

Cyprus is central to the drug trade in the Middle East and especially from Lebanon. Traffickers use Cyprus as a site for brokering deals and also for exchanges of cash and narcotics. The banking system is not involved in the money exchanges. Cooperation with U.S. agencies is considered good.

Egypt is an important consumer of opium, heroin, and hashish—supporting production in Asia and the Middle East—and is increasingly important as a transit point for drugs intended for European and U.S. markets. Heroin moves from both southwest and Southeast Asia, as well as Lebanon and Syria which are also the principal suppliers of hashish. Egyptian police seized 4 metric tons of opium and 300 kilograms of heroin in a Suez Canal operation in 1988, among the largest seizures ever made outside of an opium source country. Some money laundering occurs, but most profits flow abroad.

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[12] President-elect Bush met with President-elect Salinas de Gortari on November 22, 1988, at NASA's Johnson Space Center in Houston.

Greece is an important transit point due to its location at the commercial crossroads between Europe and the Middle East. Its long coastline and sparsely populated islands and extensive merchant marine facilities contribute to its role in the international drug trade. Heroin transits Greece en route Europe and the United States. Police increased their effectiveness in 1988, particularly in interdicting drugs at the Athens airport.

Lebanon, which was given a national interest certification in 1988, continues to be a major narcotics producing and trafficking country, supplying heroin to Europe and the United States as well as hashish to the Middle East and Western countries. The assessment of Lebanon takes into account the limited control of the central government: Syria controls an estimated 65% of the country, including the strategic Bekaa Valley where crops are cultivated and processed and trafficking originates.

Turkey. Traffickers take advantage of this land bridge between Asian producers and European/U.S. consumers to smuggle heroin and hashish. Some heroin is also refined in Turkey. There are reports of increased heroin morphine smuggling across the Iranian frontier into Turkey. Authorities dramatically increased seizures in 1988 and successfully targeted several smuggling operations. Turkey produces concentrate of poppy straw and continues to be very effective in preventing diversion from its licit program.

Southeast Asia

Burma's political turmoil has grounded its large-scale aerial eradication program until an effective government is seated in Rangoon. Traffickers capitalized on diminished enforcement efforts to smuggle large quantities of opium and heroin with little interference. The prospect for 1989 is grim: With highly favorable climatic conditions and the suspension of programs to destroy crops or seize shipments of drugs or precursor chemicals from China, Thailand, and India, traffickers may harvest and move as much as 1,400 metric tons of opium to heroin refiners in Southeast Asia. Money laundering is not a factor.

The *People's Republic of China* does not produce significant amounts of illicit narcotics, but U.S. officials are increasingly concerned about the transshipment of Golden Triangle heroin through southern China to Hong Kong and traffic in precursor chemicals into the triangle. The Chinese Government is responsive to these developments, ironically resulting from its own "openness policy" and is particularly concerned about indications of reestablished triad influence in southern China. A new law controlling precursor chemicals was enacted in December 1988 as part of a reinvigorated enforcement effort. China sent police officials to the United States to give evidence in the "Goldfish" heroin case.

Hong Kong is both the financial and money laundering center of the Far East narcotics trade and an important transit center for Golden Triangle heroin destined for Australia. Canada, the United States, and Europe. Hong Kong police—who made record heroin seizures and arrested a number of key traffickers in 1988—believe that as much as half the heroin seized came overland through China. A high degree of cooperation exists with U.S. officials. Hong Kong is moving forward with legislation enabling the courts to trace, freeze, and seize proceeds of drug trafficking and is considering a U.S.-proposed mutual legal assistance agreement.

Indonesia is a transit site for heroin, opium, hashish, and precursor chemicals. Heroin is exported to Australia, New Zealand, and Western Europe; the amounts reaching U.S. markets are not considered significant. New interest focuses on Bali; Western Europeans are heavily involved in the increasing traffic from this major resort area, which is augmented by the high number of international flights. Money laundering is not a factor.

Laos is the only country to date for which the extensive involvement of military and government officials led to accusations that the government is facilitating narcotics trafficking during the corruption review required by section 2013, P.L. 99–570. The Lao Government has made repeated efforts in the past year to convince U.S. officials of its intention to curb illicit narcotics production and trafficking. However, U.S. officials believe that opium production continues to expand and could be approaching the 300-metric-ton mark and that heroin refining continues. Laos is exporting heroin and marijuana through Thailand, Vietnam, and China. The government has welcomed U.S. consultations on narcotics and a UN narcotics-related crop substitution program.

Malaysia is an important heroin conversion and transit center, exporting primarily to Europe and Australia. Plagued by drug abuse among its own population and concerned by the dominance of criminal elements in the trade, Malaysia considers drug trafficking a national security problem and has the death penalty for traffickers. A strong domestic enforcement program, which drove heroin seizures up by 700%, seems to have reduced drug availability in 1988, and a new property forfeiture act provides a vital new weapon. But the expected bounty of opium coming from the Golden Triangle in 1989 will put the country's forces to a test.

The *Philippines* exports locally grown and Thai marijuana and is also a transit point for Golden Triangle heroin and South American cocaine smuggled into Guam, Australia, Europe, and the United States. Foreigners are still principals in the trade, but Filipino groups have also emerged. Filipino police conducted more than 1,000 narcotics raids in 1988 and made important seizures and arrests, but the enforcement effort, which the U.S. assists, is hampered by budget and structural restraints.

Singapore, which is a transshipment point for Southeast Asian heroin and has high potential for money laundering, cooperates with U.S. officials in monitoring and intercepting international drug traffic. Singapore officials are especially worried about domestic drug use.

Thailand has reduced opium cultivation to about 28 metric tons but remains significant as a refiner of heroin and conduit for opium/heroin from other sources in the Golden Triangle. High quality Thai marijuana is exported to the United States and other markets, and there is also an active trade in precursor chemicals. The Royal Thai Government counters these efforts with a vigorous enforcement program that doubled heroin seizures in 1988 while also seizing increased amounts of opium, morphine, and marijuana. Thailand is also an important money flow country.

Africa

Côte d'Ivoire continues to suppress marijuana cultivation, which is not a factor on the international market, while trying to cope with a continued flow of heroin, cocaine, and marijuana transiting Abidjan en route to Europe and some times the United States.

Kenya is of increasing importance as a transit point for southwest Asian heroin en route to West Africa, Europe, and the United States. Local consumption of heroin is increasing. Small amounts of marijuana are cultivated and consumed locally. New antidrug legislation should be adopted in 1989. U.S. officials concentrate on raising awareness of these problems with Kenyan officials and have provided some commodity support as well as training and technical assistance.

Morocco is a source of cannabis and hashish, primarily for European and African markets, and also a transit point for heroin and cocaine. Cannabis cultivation is increasing as is domestic consumption. The effect on the U.S. market is considered insignificant. A UN-funded crop substitution project should begin in 1989.

Nigeria is a major heroin transit country, a principal link between southwest Asian producers and consumer markets in Europe and the United States. Cocaine from South America is also smuggled through Nigeria en route to Europe. Improved enforcement at Lagos airport has caused some diversion of heroin to other West African cities then back to Nigeria through land routes. U.S. officials provide training and technical assistance.

Senegal is primarily concerned with an expanding domestic drug problem, but some trafficking in narcotics is occurring, which has prompted increased police action.

91. "Today the Scourge of This Hemisphere Is Called Cocaine"

Address by President Bush Before the International Drug Enforcement Conference, Miami, April 27, 1989 (Extract)[13]

And let me, at the outset, pay my respects to Governor Martinez, the Governor of Florida, who's with me here today, with all of us here, and Senator Connie Mack, vitally interested, as is the Governor, in the war against drugs. And of course, my great respects to the Attorney General, who is taking a very prominent leadership role in this common fight. And it's a pleasure to see out of Alaska for a change the Commandant of the Coast Guard, Paul Yost, who is doing an outstanding job half a world away up there in Alaska, but whose organization is doing such a superb job for the United States in this whole concept of interdiction. And so, we have a distinguished group here.

"This scourge will stop." Those were the words that Dick alluded to; those were the words with which I opened my Presidency. And it's the continuation of that promise that brings me to Miami today. And I am honored to be here to talk with you. And I am very grateful to Jack Lawn and the—who's head of the, as you all know, head of the DEA—and the other distinguished enforcement chiefs who have come throughout the Americas, along with our friends and observers from Europe, to join forces in a new tradition of international cooperation. And I had a visit just a second ago with Jack—just took a minute, but he was filling me in on his hopes for this conference and telling me of the cooperation that his organization was receiving from all of you. And so, let me, at the outset, say thank you.

I'm here today to talk about war: first, to see cocaine trafficking for what it is—an attack aimed at enslaving and exploiting the weak; second, to confront what's become a world war; and third, I hope to help end a nasty chapter in that war—the diversion of precursor chemicals.

In the 19th century, the scourge of the Americas was slavery, a struggle of good and evil, in which some sought to enrich themselves by enslaving the most downtrodden of their countrymen. Today the scourge of this hemisphere is called cocaine. As commanding officers, you know the havoc of which we speak. You see it every day on the streets of your cities and in mountain villages, in the haunted eyes and the broken dreams of a generation of youth, of children who have fallen victim to a seductive, nightmarish new form of dependency and slavery. Our countries have suffered a terrible toll, many far worse than the United States.

Drug traffic is called the world's second most dangerous profession. The most dangerous really is yours, law enforcement, drug enforcement. Earlier this year, I had a glimpse of what must be all too familiar to many of you sitting around this table. I joined Mrs. Everett Hatcher to grieve for the death of her husband, a veteran DEA agent who was executed by cocaine cowards in the back streets of New York. A woman of considerable dignity, she put responsibility for Mr. Hatcher's death squarely on those once naively excused as "casual" users of cocaine. Well, cocaine users can no longer claim noncombatant status. There is blood on their hands. And thanks in part to the demand-side programs like those you're going to be talking about later this morning, this message has begun to sear the consciences of the stockbrokers and the students, the lawyers and the homemakers and the athletes who finance our common enemy.

There are many ironies. Drug addiction does not discriminate against a person because of race, religion, or financial status. It's the great equalizer, snaring sons and daughters of the rich, the poor, the middle class. Sometimes the opposite occurs, and kingpins are reduced to paupers. The opulence of Carlos Lehder's lifestyle is but memory now, as he begins his journey to the grave—life without parole—in an Illinois penitentiary. The notorious Felix Gallardo, once boasting of his power and wealth, is also behind bars in Mexico. Stripped of blood money, they are nobodies, no longer the stuff of myth.

Your business, then—our business—is to pursue these outlaws to the ends of the Earth, to create a world without refuge, to leave no sanctuary, in your countries or in mine. And I've said it before: The war on drugs is no metaphor. We've been slower to recognize that it is also a world war, leaving no nation unscathed, one in which Hong Kong bankers and Bolivian growers and Middle Eastern couriers and West Coast wholesalers all play insidious roles. And it is especially acute in this hemisphere, where an explosive cycle of drugs, dependency, and dollars has escalated clear out of control.

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[13] Source: *Weekly Compilation of Presidential Documents,* May 1, 1989, pp. 623–624. The President spoke at 9:55 a.m. in the Grand Ballroom at the Biscayne Bay Marriott Hotel.

The time for blame, the time for assigning blame is behind us. For too long, a sharp divide has been drawn between "producing" and "consuming" nation. Well, denial is a natural part of human nature, and probably part of a country's nature as well. But let's face it. Americans cannot blame the Andean nations for our voracious appetite for drugs. Ultimately, the solution to the United States drug problem lies within our own borders: stepped up enforcement, but education and treatment as well. And our Latin American cousins cannot blame the United States for the voracious greed of the drug traffickers who control small empires at home. Ultimately, the solution to that problem lies within your borders.

And yet good neighbors must stand together. A world war must be met in kind. And so, today, as this conference winds down and concludes, we are presented with an historic opportunity. Allies in any war must consult—as partners. And just as you have gathered on seven occasions for IDEC, I ask that the leaders of the Western Hemisphere, whose nations are afflicted by this scourge, join with me to work together toward a hemispheric compact on drugs, a mutual commitment of resources and energy to ensure a brighter day for the children of America. And I mean by that all the Americas. And I have directed that our nation's new drug czar, William Bennett, take the lead in coordinating this vital initiative.

IDEC demonstrates that we will put aside national differences to do what must be done. And together you have put cartels out of business, reduced the supply of cocaine, and increasingly educated our children about the dangers of drug use and trafficking. And I do commend Jack Lawn and each of you for having the foresight to establish this organization and for demonstrating the collective commitment to work together.

I've spoken often of the horrors of chemical warfare. Well, chemical abuse is also chemical warfare, poisoning our streets, as deadly as mustard gas. And today we're opening a new campaign to rid the world of these toxics. We're going to start right here in the United States, because all too often that's the original source of the basic industrial chemicals needed to produce cocaine. Now, U.S. chemical companies are justly proud of their products that vastly improve and help to extend life here and abroad. But few Americans are aware that illegally diverted barrels of dangerous chemicals—clearly marked with U.S. corporate logos—are routinely seized in the jungles of Colombia. IDEC held a panel discussion on this, Tuesday. And those gathered here—you understand its importance. Traffickers have hit us where it hurts. And now we're going to exploit their vulnerabilities, crimping the flow of the materials without which they cannot produce: No chemicals, no cocaine.

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92. Cuban Involvement in International Narcotics Trafficking

Statements by the Assistant Secretary of State for International Narcotics Matters (Levitsky), July 25, 1989 (Extract)[14]

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Mr. Chairman, before getting into the main body of my testimony, which I will summarize, I do want to start right up front by summarizing our policy with regard to Cuba and drug smuggling.

First, we approach our dealings with Cuba on the drug issue with prudence and a great deal of skepticism based on past performance.

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[14] Source: *Cuban Involvement in International Narcotics Trafficking: Hearings Before the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 6–10. Chairman of the Task Force on International Narcotics Control, Lawrence J. Smith, presided over the session.

Second, our counternarcotics efforts are pursued on all fronts. Our purpose is to enlist the cooperation of all countries in working against the cultivation, production, trafficking and usage of all illegal drugs.

Third, we believe Cuba, like all other countries, should be expected to halt the flow of narcotics. This is reflected in U.N. membership and in general, international principle.

Fourth, our concern about narcotics smuggling through Cuba, and there is no doubt that Cuba is a major transit point in the illegal drug flow, our concern stands on its own. It does not affect other areas of the relationship. As the President said on May 22d[15] and June 28th[16] of this year, our basic relationship with Cuba will not change until Cuba ceases systematic violation of human rights, its military and other support for violent antidemocratic groups and its relationship with the Soviet Union, which is harmful to our interest.

And finally, Cuba has had ample opportunity to cooperate in stemming the flow of drugs to the United States. Our policy will be to put Cuba to the test and to see if the Cuban Government's actions match its words. Again, we will do so with prudence and with our eyes open, we are not naive about Cuba.

As you know, Mr. Chairman, most of the cocaine consumed in the United States is produced in the Andean countries of South America and much is shipped by boat or plane across the Caribbean to destinations in Florida and along our East and Gulf coasts. I have brought a map, I don't know where it has been put now, which shows the major trafficking routes in the corner at the bottom, showing the flowing across Cuba and around the Caribbean, as well as the air corridors over Cuba and its air interdiction space, just as a way of pointing out the area that we are dealing with.

Cuba stands in the middle of some of the primary illicit drug routes into the United States and its territory has been used as a transshipment point.

Although it is difficult to gauge the amount of trafficking that takes place in Cuba, we note a marked increase in reported drug trafficking incidents in Cuban territory during the first half of 1989.

The Cuban Government has refused to cooperate with its neighbors in the international effort to stop the flow of drugs. For years, Fidel Castro has denied involvement by any Cuban officials in the drug trade since the revolution.

Our general policy is to try to involve all nations in this effort against drugs. And we are serious about this and we think there is an international obligation. Despite our serious reservations about Cuban intentions, we are taking a fresh look at areas in which the Government of Cuba could tangibly demonstrate the seriousness of its claimed willingness to cooperate against drug trafficking. We will judge Cuba by its actions, not by its words.

I want to summarize some of the questions that have been raised particularly since the recent trials in Cuba and give a few brief answers to this. First, what has happened in the last 30 days or so?

First of all, for the first time the Government of Cuba has admitted official Cuban involvement in the drug trade. The official press stated that agreements were concluded between Cuban officers and Colombian drug traffickers and that joint drug smuggling operations were carried out, including air drops, drug plane refuelings and drug plane off loadings in Cuban territory the past 2 years.

Fourteen officials were arrested. The list was headed by Gen. Ochoa, an Interior Ministry General and a Ministry of the Interior official, Col. Antonio de la Guardia. As you know, these men were brought to trial, sentenced and Ochoa and three others were put to death on July 13th.

MR. SMITH. Can I interrupt you and ask if you can tell me whether Cuban law provides the death penalty for drug trafficking?

MR. LEVITSKY. To my knowledge, not for drug trafficking.

MR. SMITH. Thank you.

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[15] For text of President Bush's remarks made at a briefing on Cuban Independence Day, May 22, see *Weekly Compilation of Presidential Documents*, May 29, 1989, pp. 755–765.

[16] For text of remarks made by President Bush in an interview with reporters June 28, see the *Miami Herald*, June 29, 1989.

Document 92

MR. LEVITSKY. There is a question of the unusual nature of this trial and proceedings. Why was Gen. Ochoa sacked? Was it because of drugs or as some have indicated, for political reasons.

First, I might state that we can't answer that question definitively. We have no information, had none previously, linking Gen. Ochoa to drug trafficking. We believe that it is unlikely that Fidel Castro could have been unaware of high-level official Cuban involvement in narcotics trafficking. Ochoa may have been sacked and executed for other reasons, but we do not know this, quite frankly, and we must await further information and further analysis to make a final determination on that, or to try to make a final determination.

Another question: Were the accused really guilty as charged? We do have reports linking some of the 14 accused officers to drug smuggling operations. And in fact, Cuban disclosures confirm links between De la Guardia and other Ministry of the Interior officials and Reinaldo Ruiz, which you mentioned. A drug smuggler who pleaded guilty to trafficking in a U.S. court.

Again, it is hard to believe that the Cuban regime was unaware of such allegedly extensive involvement of its most senior officials and agencies.

Was the trial fair? It was clearly a carefully choreographed show trial from beginning to end and it was clear that the only real question throughout the proceedings was whether the accused would be executed.

I want to point out that one of the officers who sat in judgment of Ochoa is himself a fugitive from U.S. justice, under indictment for drug trafficking.

What was Castro's involvement? Again, somewhat difficult but we can make an informed judgment here, I would repeat that we seriously doubt that drug trafficking by high-level Ministry of Interior officials, as described in the trial, could have gone on for 2 years as claimed in the trial proceedings, without the knowledge and possible approval of the Castro brothers.

Our concerns in this issue, after all, were made a matter of public record and reiterated most recently on our March 1st International Narcotics Control Strategy Report.

The question of what did we know and what did we tell the Cubans about these allegations of drug trafficking? I would point out that we have had reports of drug trafficking in Cuba and of Cuban officials involvement for a number of years, since the early 1980s, at least, and we have raised this matter on numerous occasions, publicly and before the Congress. And we have also had contacts directly with the Cubans to point these out.

As you know, four high-level Cuban officials were indicted in Miami in 1982, for involvement in drug trafficking. And information from that trial was a matter of public record and was provided directly to the Cuban Government.

In most cases, the Cuban Government previously has simply denounced our indictments as politically motivated, without any pretense of looking into the merits of the charges.

What does this all mean for the United States? It is clear that these recent developments in Cuba have raised many questions and we do not have all the answers yet. Only time will tell whether the professed, sudden professed, Cuban commitment to the war on drugs is genuine, or whether this is just another issue they want to play politics with.

Some evidence suggests that previously Cuba simultaneously facilitate the flow of drugs in selected cases, while prosecuting other cases to conviction, a sort of selective enforcement.

These things cause us to question seriously the potential for working with a government that could use the information we provide against us. We have been in contact with the Cuban officials; they have occurred in the course of our normal contacts with them. We have raised claims that they want to cooperate. After public claims that they have made and after claims in fact to some in the U.S. Congress, Cuban officials have subsequently stated that they have no specific proposals on the subject in mind, they did not encourage us earlier in further exchanges on this issue.

MR. SMITH. I want to know when the last exchange was on this?

MR. LEVITSKY. The last exchange on this was within the last 2, 3 weeks. Within the last month. I can tell you that we have asked the Government of Cuba for the results of its investigation into drug smuggling by Cuban officials, after this trial, so that we can review them and take appropriate action on activities that may involve violations on U.S. law.

Despite our longstanding concerns, Mr. Chairman, the high priority the U.S. attaches to drug interdiction and Cuba's geographic proximity and strategic location have caused us to consider nonpolitical avenues to stimulate serious enforcement action on the part of Cuba that would serve our interests. We are closely monitoring Cuban interdiction efforts to see if Cuban actions match Cuban official claims, that their Government is indeed serious about combatting narcotics trafficking.

We believe that the narcotics issue is so important that we should explore every avenue, despite our grave reservations.

So the question arises what could Cuba do to convince the United States of its seriousness? We believe there are some things that could be immediately clear and let me just list them here.

First, they can undertake serious, unilateral interdiction efforts against drug traffickers, which, after all, are in their own best interests. Their record of selective enforcement is not satisfactory.

They can respond quickly to reports of air drops or other suspicious activities in their territory. Again, their record is not satisfactory on this to date.

The Cubans can take action regarding the persons charged in the U.S. indictments. To date, they have done nothing but protest the indictments.

They can share with us the results of their investigations of Ochoa and others. To date, we have not had a reply to our suggestion that they do so.

Finally, they should stop propping up an indicted drug dealer in Panama, Gen. Noriega.

Enforcement against narcotics traffickers is a subject that requires action, not dialog. Existing channels of communication are fully adequate to the task if Cuba has the will to move vigorously against traffickers.

We are cautious. In fact, we must not allow Castro to clean up his image without cleaning up his act. We do not believe Cuba should be rewarded if its sudden interest in drugs proves to be genuine. By cracking down on drug trafficking, Cuba would finally be living up to its international obligation. When it comes to fighting drugs, virtue is its own reward.

As President Bush said in a June 28th interview published in the *Miami Herald*, Castro's apparent antidrug effort will not move the United States to seek improved relations with Cuba as long as our serious concerns about Cuban behavior internally and externally remain unresolved. The burden of proof lies with Fidel Castro.

Thank you. That is the summary of my statement.

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93. "There Is Increasing Evidence That the Heroin and Cocaine Markets Have Become Linked"

Statement by the Assistant Secretary of State for International Narcotics Matters (Levitsky), August 1, 1989 (Extract)[17]

The Committee has asked the Department to provide testimony on the current state of illicit opium production and trafficking in heroin from Asia through the Middle East. I will begin my testimony, however, by talking about a subject that is not on your agenda.

There is no greater challenge in the history of narcotics control than today's tasks of trying to reduce the production and availability of cocaine. We are all steeped in the lore of the Andean struggle—the vast cultivations, the viciousness of the traffickers, the insurgent threats of the Sendero and the FARC.[18] This challenge seems all the greater because our successes against cocaine have been so limited.

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[17] Source: Department of State files. Levitsky made this statement before the Senate Select Committee on Narcotics Abuse and Control.

[18] The Sendero Luminoso (Shining Path) is a terrorist group in Peru. Fuerzas Armadas Revolucionarias de Colombia, called the FARC (Revolutionary Armed Forces of Colombia), is a terrorist organization in Colombia.

I mention cocaine at the outset of your inquiry into heroin production and trafficking because I fear that we have become so focused on cocaine that we may be losing sight of our longerstanding challenge—to eliminate the production and distribution of heroin.

The situation, as you well know from your several factfinding inquiries in the two Asias and Mexico, and your delegations to South America, requires us to fight this war on drugs on all major fronts: the opium war, the coca war, the marijuana war, and the war for the minds and hearts of our young people.

In today's market, there is increasing evidence that the heroin and cocaine markets have become linked—with users combining the two drugs or taking heroin to come down from their cocaine runs. Moreover, in a culture that has been heavily oriented to smoking narcotic drugs, we are now seeing the phenomenon that has dominated other opium cultures—the smoking of heroin.

I am therefore sensitive to the need to marshal our maximum resources and energies to have any hope of overcoming these challenges, and profoundly aware of how thin our line of resistance is in the face of these multiple challenges.

A message which you will hear often from me in the weeks and months to come is multilateralism. This is not just an American problem; it is a European problem, a southwest Asian problem, a Southeast Asian problem, a Pacific Rim problem—and no major consequences will be achieved until all of the players are into the game.

As you will soon read in our mid-year report, the challenge on the heroin front has become even more complex—the more so because of our lack of political access to many of the key growing areas. The estimate is that as much as 90 percent of the opium which potentially affects our market is grown in areas of Afghanistan, Iran, Lebanon, Burma, and Laos.

The National Narcotics Intelligence Consumers Committee now believes that Southeast Asia has replaced southwest Asia as the major source region for heroin entering the U.S. market. Although the NNICC has not assigned percentages of market share to reflect the total trade, because of the small number of samples available for analysis, DEA officials have expressed confidence in the assumption about market dominance which is based upon DEA's monitor and signature programs. The signature program, a chemical analysis of heroin seized in the United States, shows that 43 percent of the samples analyzed were of Southeast Asian origin. The monitor program, which is based upon analysis of street buys by agents, also shows this trend toward Southeast Asian heroine.

Southeast Asian opium production has increased during the past several months, resulting in higher availability of heroin in major U.S. cities. The U.S.-supported Burmese aerial opium eradication program was suspended after civil disturbances and our limited access to Laos further complicates opium control in that part of the world. There is some indication, however, that the Lao People's Democratic Republic is interested in limited cooperation on opium control projects; this development is worth pursuing, but cautiously in view of allegations of involvement by some Laotian officials in the drug trade. Production is reportedly also up in Thailand.

Opium control prospects have improved in Pakistan. During her trip to the United States, Pakistan's President Benazir Bhutto discussed narcotics cooperation with the President and Secretary of State.[19] The United States committed to providing an additional $1.5 million to Pakistan for the establishment of an elite unit of law enforcement officers dedicated to narcotics investigations and operations. There is evidence that fewer acres of opium were planted in Pakistan this year, possibly lowering heroin supplies. Fortunately, the weather has not been ideal for opium cultivation. The Government of Pakistan also demonstrated its commitment to narcotics control by extraditing hashish kingpin Malik Saleem to the United States this spring.

In the Western Hemisphere, Mexico reports eradicating 1,450 hectares of opium poppy in the first 6 months of 1989. We are carefully monitoring opium production trends in Guatemala and will support another aerial eradication program there in the near future, if we can arrange for much needed protection for our spraying aircraft, which have been fired upon on several occasions, causing what we hope will only be a temporary halt in the program.

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[19] President Bhutto visited the United States June 5–10; see Document 279.

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94. Reinstatement of the Colombia–U.S. Extradition Treaty

Statement by President Bush, August 19, 1989[20]

At this time of grief for the people of Colombia, suffering from a wave of assassinations of judges, police officials, and most recently Luis Carlos Galan, a leading candidate for the Liberal Party's Presidential nomination, I express my heartfelt sympathy and give you my prayers. I also offer my condolences to the families of the victims of these heinous crimes. We in the United States should not forget that others are paying very high costs for the unchecked rampage of the international criminals trafficking in cocaine and undermining the lives of law-abiding citizens.

Last night President Barco announced a number of actions aimed at narcotics traffickers including the reinstatement of the extradition treaty between the United States and Colombia[21] which had been suspended by the nation's courts. He is using his powers under Colombia's state of siege to do so. I welcome this courageous move by President Barco. The United States is ready to coordinate the extradition of these criminals as expeditiously as possible. I have instructed the Departments of State and Justice to begin working on this immediately.

I am considering alternative ways to do more for the Andean countries in connection with the national drug strategy which will be presented in 2 weeks. I am ready to meet with President Barco at the earliest convenient moment to consider a coordinated approach to this problem.

In such difficult times democratic nations faced with common threats to their national security must stand together. Today, we stand together with Colombia. The narco-traffickers who again have robbed Colombia of a courageous leader must be defeated. Colombia must know that we stand by its efforts to move aggressively against these criminals who seek to destroy both our societies.

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95. U.S. Emergency Antidrug Assistance for Colombia

Statement by President Bush, August 25, 1989[22]

At the request of President Barco and in order to support the Government of Colombia in its battle against narcotics traffickers, I have today decided to authorize a $65 million emergency antidrug support package for the Colombian police and military. The package will include equipment for police and military personnel, with initial shipments to arrive as early as next week. In addition, it will include aircraft and helicopters to improve the mobility of Colombian forces engaged in the antidrug effort. The package was developed over the last few days during which there was close consultation between President Barco and myself and among our key advisers.

No United States troops have been requested by the Colombian Government. We will provide only matériel support and training. The United States has complete confidence in the capability of the Colombian police and military to deal with this situation. The support package will be made available under the provisions of the 1986 Foreign Assistance Act which enables the President to direct the Department of Defense to provide military equipment and services to a foreign country in the event of an emergency.[23]

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[20] Source: *Weekly Compilation of Presidential Documents*, August 28, 1989, pp. 1261–1262.

[21] The Extradition Treaty, with Annex, signed by the United States and Colombia in Washington, September 14, 1979, entered into force March 4, 1982; Senate Document 97–8.

[22] Source: *Weekly Compilation of Presidential Documents*, August 28, 1989, pp. 1274–1275.

[23] Reference is to the Defense Drug Interdiction Assistance Act or Sections 3051 and 3052 of the Anti-Drug Abuse Act of 1986 (P.L. 99–570). The Anti-Drug Abuse Act of 1986 amended parts of the Foreign Assistance Act of 1961 (74 Stat. 424).

In addition to this emergency assistance and the funds being provided under the Justice Department's judicial protection program, I will authorize an expanded police and military assistance program for FY 1990 which will provide an increased level of support for the Colombian Government's ongoing antidrug efforts.

The recent wave of assassinations and threats by the drug cartel against all Colombians who cooperate in President Barco's antidrug crackdown makes it clear that it is time for the United States and other countries of the world to stand with President Barco during his courageous challenge to these insidious forces that threaten the very fabric of Colombian society.

We intend to work closely with the Colombian Government to bring to justice those responsible for the scourge of drug trafficking and will continue in our efforts to assist the Colombian effort to provide protection for judges and other Colombian officials who are on the front line of the war against drugs. The Departments of State and Justice are working closely with their Colombian counterparts on extradition matters.[24]

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96. National Strategy Against Addictive Drugs

Address by President Bush to the Nation, September 5, 1989[25]

Good evening. This is the first time since taking the oath of office that I felt an issue was so important, so threatening, that it warranted talking directly with you, the American people. All of us agree that the gravest domestic threat facing our nation today is drugs. Drugs have strained our faith in our system of justice. Our courts, our prisons, our legal system are stretched to the breaking point. The social costs of drugs are mounting. In short, drugs are sapping our strength as a nation. Turn on the evening news or pick up the morning paper and you'll see what some Americans know just by stepping out their front door: Our most serious problem today is cocaine and, in particular, crack.

Who's responsible? Let me tell you straight out: everyone who uses drugs, everyone who sells drugs, and everyone who looks the other way.

Tonight, I'll tell you how many Americans are using illegal drugs. I will present to you our national strategy to deal with every aspect of this threat. And I will ask you to get involved in what promises to be a very difficult fight.

This is crack cocaine seized a few days ago by Drug Enforcement agents in a park just across the street from the White House. It could easily have been heroin or PCP. It's as innocent looking as candy, but it's turning our cities into battle zones, and it's murdering our children. Let there be no mistake: This stuff is poison. Some used to call drugs harmless recreation. They're not. Drugs are a real and terribly dangerous threat to our neighborhoods, our friends, and our families.

No one among us is out of harm's way. When 4-year-olds play in playgrounds strewn with hypodermic needles and crack vials, it breaks my heart. When cocaine, one of the most deadly and addictive illegal drugs, is available to school kids—school kids—it's an outrage. And when hundreds of thousands of babies are born each year to mothers who use drugs—premature babies born desperately sick—then even the most defenseless among us are at risk.

These are the tragedies behind the statistics, but the numbers also have quite a story to tell. Let me share with you the results of the recently completed Household Survey of the National Institute on Drug Abuse. It compares recent drug use to 3 years ago. It tells us some good news and some very bad news. First, the good.

As you can see in the chart, in 1985 the Government estimated that 23 million Americans were using drugs on a "current" basis; that is, at least once in the preceding month. Last year that number fell by more than a third. That means almost 9 million fewer Americans are casual drug users. Good news.

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[24] On August 28, a group of Colombian Government officials, including Justice Minister Monica de Greiff, met in Washington with U.S. Government officials and Attorney General Thornburgh. After De Greiff resigned September 21, President Barco on October 5 named Roberto Salazar Manrique to succeed her as Justice Minister.

[25] Source: *Weekly Compilation of Presidential Documents*, September 11, 1989, pp. 1304–1308. The President's address, begun at 9 p.m., was broadcast live on nationwide television and radio from the Oval Office at the White House. The chart referred to in the text is not printed.

Because we changed our national attitude toward drugs, casual drug use has declined. We have many to thank: our brave law enforcement officers, religious leaders, teachers, community activists, and leaders of business and labor. We should also thank the media for their exhaustive news and editorial coverage and for their air time and space for antidrug messages. And finally, I want to thank President and Mrs. Reagan for their leadership. All of these good people told the truth: that drug use is wrong and dangerous.

But as much comfort as we can draw from these dramatic reductions, there is also bad news, very bad news. Roughly 8 million people have used cocaine in the past year. Almost 1 million of them used it frequently—once a week or more. What this means is that, in spite of the fact that overall cocaine use is down, frequent use has almost doubled in the last few years. And that's why habitual cocaine users, especially crack users, are the most pressing, immediate drug problem.

What, then, is our plan? To begin with, I trust the lesson of experience: No single policy will cut it, no matter how glamorous or magical it may sound. To win the war against addictive drugs like crack will take more than just a Federal strategy: It will take a national strategy, one that reaches into every school, every workplace, involving every family.

Earlier today I sent this document, our first such national strategy, to the Congress. It was developed with the hard work of our nation's first Drug Policy Director, Bill Bennett. In preparing this plan, we talked with State, local, and community leaders, law enforcement officials, and experts in education, drug prevention, and rehabilitation. We talked with parents and kids. We took a long, hard look at all that the Federal Government has done about drugs in the past—what's worked and, let's be honest, what hasn't. Too often, people in government acted as if their part of the problem—whether fighting drug production or drug smuggling or drug demand—was the only problem. But turf battles won't win this war; teamwork will.

Tonight, I'm announcing a strategy that reflects the coordinated, cooperative commitment of all our Federal agencies. In short, this plan is as comprehensive as the problem. With this strategy, we now finally have a plan that coordinates our resources, our programs, and the people who run them. Our weapons in this strategy are the law and criminal justice system, our foreign policy, our treatment systems, and our schools and drug-prevention programs. So, the basic weapons we need are the ones we already have. What's been lacking is a strategy to effectively use them.

Let me address four of the major elements of our strategy. First, we are determined to enforce the law, to make our streets and neighborhoods safe. So, to start, I'm proposing that we more than double Federal assistance to State and local law enforcement. Americans have a right to safety in and around their homes. And we won't have safe neighborhoods unless we're tough on drug criminals—much tougher than we are now. Sometimes that means tougher penalties, but more often it just means punishment that is swift and certain. We've all heard stories about drug dealers who are caught and arrested again and again, but never punished. Well, here the rules have changed: If you sell drugs, you will be caught. And when you're caught, you will be prosecuted. And once you're convicted, you will do time. Caught. Prosecuted. Punished.

I'm also proposing that we enlarge our criminal justice system across the board—at the local, State, and Federal levels alike. We need more prisons, more jails, more courts, more prosecutors. So, tonight I'm requesting—altogether—an almost $1.5 billion increase in drug-related Federal spending on law enforcement.

And while illegal drug use is found in every community, nowhere is it worse than in our public housing projects. You know, the poor have never had it easy in this world. But in the past, they weren't mugged on the way home from work by crack gangs. And their children didn't have to dodge bullets on the way to school. And that's why I'm targeting $50 million to fight crime in public housing projects—to help restore order and to kick out the dealers for good.

The second element of our strategy looks beyond our border, where the cocaine and crack bought on America's streets is grown and processed. In Colombia alone, cocaine killers have gunned down a leading statesman, murdered almost 200 judges and 7 members of their Supreme Court. The besieged governments of the drug-producing countries are fighting back, fighting to break the international drug rings. But you and I agree with the courageous President of Colombia, Virgilio Barco, who said that if Americans use cocaine, then Americans are paying for murder. American cocaine users need to understand that our nation has zero tolerance for casual drug use. We have a responsibility not to leave our brave friends in Colombia to fight alone.

The $65 million emergency assistance announced 2 weeks ago was just our first step in assisting the Andean nations in their fight against the cocaine cartels. Colombia has already arrested suppliers, seized tons of cocaine and confiscated palatial homes of drug lords. But Colombia faces a long, uphill battle, so we must be ready to do more. Our strategy allocates more than a quarter of a billion dollars for next year in military and law enforcement assistance for the three Andean nations of Colombia, Bolivia, and Peru. This will be the first part of a 5-year, $2 billion program to counter the producers, the traffickers, and the smugglers.

I spoke with President Barco just last week, and we hope to meet with the leaders of affected countries in an unprecedented drug summit, all to coordinate an inter-American strategy against the cartels. We will work with our allies and friends, especially our economic summit partners, to do more in the fight against drugs. I'm also asking the Senate to ratify the United Nations antidrug convention concluded last December.[26]

To stop those drugs on the way to America, I propose that we spend more than a billion and a half dollars on interdiction. Greater interagency cooperation, combined with sophisticated intelligence-gathering and Defense Department technology can help stop drugs at our borders.

And our message to the drug cartels is this: The rules have changed. We will help any government that wants our help. When requested, we will for the first time make available the appropriate resources of America's Armed Forces. We will intensify our efforts against drug smugglers on the high seas, in international airspace, and at our borders. We will stop the flow of chemicals from the United States used to process drugs. We will pursue and enforce international agreements to track drug money to the front men and financiers. And then we will handcuff these money launderers and jail them, just like any street dealer. And for the drug kingpins—the death penalty.

The third part of our strategy concerns drug treatment. Experts believe that there are 2 million American drug users who may be able to get off drugs with proper treatment. But right now only 40 percent of them are actually getting help. This is simply not good enough. Many people who need treatment won't seek it on their own. And some who do seek it are put on a waiting list. Most programs were set up to deal with heroin addicts, but today the major problem is cocaine users. It's time we expand our treatment systems and do a better job of providing services to those who need them.

And so, tonight I'm proposing an increase of $321 million in Federal spending on drug treatment. With this strategy, we will do more. We will work with the States. We will encourage employers to establish employee assistance programs to cope with drug use. And because addiction is such a cruel inheritance, we will intensify our search for ways to help expectant mothers who use drugs.

Fourth, we must stop illegal drug use before it starts. Unfortunately, it begins early—for many kids, before their teens. But it doesn't start the way you might think, from a dealer or an addict hanging around a school playground. More often, our kids first get their drugs free, from friends or even from older brothers or sisters. Peer pressure spreads drug use. Peer pressure can help stop it. I am proposing a quarter-of-a-billion-dollar increase in Federal funds for school and community prevention programs that help young people and adults reject enticements to try drugs.

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[26] For text of the U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, adopted December 19, 1988, by a U.N. Conference held in Vienna, November 25–December 20, 1988, see U.N. doc. E/CONF.82/15 (December 19, 1988). The U.S. Senate consented to this Convention November 22, 1989.

And I'm proposing something else. Every school, college, and university and every workplace must adopt tough but fair policies about drug use by students and employees. And those that will not adopt such policies will not get Federal funds. Period.

The private sector also has an important role to play. I spoke with a businessman named Jim Burke who said he was haunted by the thought—a nightmare, really—that somewhere in America, at any given moment, there is a teenage girl who should be in school instead of giving birth to a child addicted to cocaine. So, Jim did something. He led an antidrug partnership, financed by private funds, to work with advertisers and media firms. Their partnership is now determined to work with our strategy by generating education messages worth a million dollars a day every day for the next 3 years—a billion dollars worth of advertising, all to promote the antidrug message.

As President, one of my first missions is to keep the national focus on our offensive against drugs. And so, next week I will take the antidrug message to the classrooms of America in a special television address, one that I hope will reach every school, every young American. But drug education doesn't begin in class or on TV. It must begin at home and in the neighborhood. Parents and families must set the first example of a drug-free life. And when families are broken, caring friends and neighbors must step in.

These are the most important elements in our strategy to fight drugs. They are all designed to reinforce one another, to mesh into a powerful whole, to mount an aggressive attack on the problem from every angle. This is the first time in the history of our country that we truly have a comprehensive strategy.

As you can tell, such an approach will not come cheaply. Last February I asked for a $700 million increase in the drug budget for the coming year. And now, over the past 6 months of careful study, we have found an immediate need for another billion and a half dollars. With this added $2.2 billion, our 1990 drug budget totals almost $8 billion, the largest increase in history. We need this program fully implemented—right away. The next fiscal year begins just 26 days from now. So, tonight I'm asking the Congress, which has helped us formulate this strategy, to help us move it forward immediately. We can pay for this fight against drugs without raising taxes or adding to the budget deficit. We have submitted our plans to Congress that shows just how to fund it within the limits of our bipartisan budget agreement.

Now, I know some will still say that we're not spending enough money. But those who judge our strategy only by its price tag simply don't understand the problem. Let's face it, we've all seen in the past that money alone won't solve our toughest problems. To be strong and efficient, our strategy needs these funds. But there is no match for a united America, a determined America, an angry America. Our outrage against drugs unites us, brings us together behind this one plan of action, an assault on every front.

This is the toughest domestic challenge we've faced in decades. And it's a challenge we must face not as Democrats or Republicans, liberals or conservatives, but as Americans. The key is a coordinated, united effort. We've responded faithfully to the request of the Congress to produce our nation's first national drug strategy. I'll be looking to the Democratic majority and our Republicans in Congress for leadership and bipartisan support. And our citizens deserve cooperation, not competition; a national effort, not a partisan bidding war. To start, Congress needs not only to act on this national drug strategy but also to act on our crime package announced last May, a package to toughen sentences, beef up law enforcement, and build new prison space for 24,000 inmates.

You and I both know the Federal Government can't do it alone. The States need to match tougher Federal laws with tougher laws of their own: stiffer bail, probation, parole, and sentencing. And we need your help. If people you know are users, help them, help them get off drugs. If you're a parent, talk to your kids about drugs—tonight. Call your local drug prevention program. Be a Big Brother or Sister to a child in need. Pitch in with your local Neighborhood Watch program. Whether you give your time or talent, everyone counts: every employer who bans drugs from the workplace; every school that's tough on drug use; every neighborhood in which drugs are not welcome; and most important, every one of you who refuses to look the other way. Every one of you counts. Of course, victory will take hard work and time. But together we will win. Too many young lives are at stake.

Not long ago, I read a newspaper story about a little boy named Dooney, who, until recently, lived in a crack house in a suburb of Washington, D.C. In Dooney's neighborhood, children don't flinch at the sound of gunfire. And when they play, they pretend to sell to each other small white rocks that they call crack. Life at home was so cruel that Dooney begged his teachers to let him sleep on the floor at school. And when asked about his future, 6-year-old Dooney answers, "I don't want to sell drugs, but I'll probably have to."

Well, Dooney does not have to sell drugs. No child in America should have to live like this. Together as a people we can save these kids. We've already transformed a national attitude of tolerance into one of condemnation. But the war on drugs will be hard won, neighborhood by neighborhood, block by block, child by child.

If we fight this war as a divided nation, then the war is lost. But if we face this evil as a nation united, this will be nothing but a handful of useless chemicals. Victory, victory over drugs is our cause, a just cause. And with your help, we are going to win.

Thank you, God bless you, and good night.

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97. President Bush's Meeting With President Barco

Statement by the President's Press Secretary (Fitzwater), September 28, 1989[27]

President Bush and President Barco met for approximately 1½ hours in the Residence, followed by a brief social reception. Joining them were Attorney General Thornburgh, Drug Coordinator William Bennett, General Scowcroft, Governor Sununu, Deputy Secretary of State Lawrence Eagleburger, Deputy National Security Adviser Gates, and Ambassador McNamara. President Barco is in the United States to address the United Nations General Assembly. The President took the opportunity to invite him to the White House for a discussion of the international drug situation and President Barco's courageous efforts against the drug cartels. The President reaffirmed the strong commitment of the United States in assisting President Barco's efforts and noted that Colombia's fight against the drug traffickers is an example to the rest of the world.

The two Presidents talked about the domestic drug problem in the United States and the administration's efforts to reduce consumption. They discussed U.S. assistance to Colombia to ensure that Colombia was receiving the necessary equipment in its fight against drug traffickers. They also discussed the possibility of other nations assisting Colombia in its efforts against the cartels, and the President indicated his willingness to encourage such support. President Barco outlined the efforts that the Government of Colombia is taking against drug traffickers. He expressed his appreciation for the help of the United States and noted that this is a global effort in which international cooperation is important. President Barco also discussed Colombia's economic situation. President Bush said the United States is prepared to resume discussions with Colombia and others in order to resolve the fundamental problems of the current International Coffee Agreement.[28]

The President indicated his intention to work closely with President Barco to expand bilateral trade and investment opportunities in order to spur Colombia's economic growth. He has asked the United States Trade Representative to lead an interagency effort to examine urgently what can be done, particularly with respect to GSP benefits and in the area of agricultural and manufactured items. The President noted the United States willingness to work with the international financial institutions to support increased economic assistance for Colombia.

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[27] Source: *Weekly Compilation of Presidential Documents*, October 2, 1989, pp. 1467–1468.

[28] International Coffee Agreement, with Annexes, signed in London, September 16, 1982, entered into force September 11, 1985; Senate Document 98–2.

98. U.S.-Australian Cooperation in Fighting the Drug Problem

Press Conference by Secretary of State Baker, Sydney, November 4, 1989 (Extract)[29]

. . . .

Q. For the first time in a communiqué issued from these meetings—in comparison with the past years—illicit drugs are mentioned.[30] What type of extensive cooperation is to be expected in response to this communiqué? It's item number 22, I believe, the first item under "Other."

SECRETARY BAKER. Let me simply say that we already have enjoyed the cooperation of Australia in approaching or dealing with the drug menace.

We discussed the fact that the President of the United States had announced our strategy respecting drugs on the 5th of September. That strategy is twofold. It has a domestic content dealing with the demand side of the problem as far as the United States is concerned and an international component dealing with supply.

We are concerned about what we see as increased traffic from the Golden Triangle area. We are concerned about drug production in Burma and Laos. We have limited influence with both of those two countries. Australia has indicated a willingness and an interest in cooperating with the United States, generally, around the world in fighting the scourge of drugs. We welcome that interest, and we welcome that cooperation.

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99. Democracy, Diplomacy, and the War Against Drugs

Address by Secretary of State Baker Before the Forum Club, Houston, November 22, 1989 (Extracts)[31]

. . . .

. . . This administration has proposed a bold, comprehensive strategy to address the cocaine problem in the hemisphere. We call it "the Andean strategy." This strategy is nothing less than a multiyear, $2-billion American plan to provide military, economic, and law enforcement assistance to help the Andean governments as they fight cocaine. Our primary goal is to attack and dismantle the drug trafficking organizations themselves. In short, to put them out of business. We are going directly to the source. And that is the Andes, where we will support the governments of the region in a three-part plan:

First, to isolate and disrupt coca production by interdicting air, road, and river traffic in drugs and chemicals essential to drug production;

Second, to eradicate coca when and where possible and effective; and

Third, to develop income alternatives to the illicit drug industry by strengthening the legitimate economies of Andean countries.

This is not a strategy for massive and unilateral U.S. intervention in the Andes. The Andean countries want and need our assistance. But we know we won't be effective unless we attack the demand for drugs as well as the supply. To that end, we have accepted the Andean leaders' invitation to sit down and discuss our mutual struggle at an Andean summit in February next year.

We realize that as long as American demand for drugs continues, we face an endless, uphill battle to halt supply. That is why the President decided that reducing the demand for drugs must be at the center of our antidrug policy. America's demand drives the spiraling cycles of production and trafficking, consumption, and addiction. Profits from every kilo of cocaine buy the bullets which rob Colombia of its dignity and freedom and threaten Bolivia and Peru.

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[29] Source: Department of State files. Secretary Baker was in Sydney November 3–4 for a bilateral ministerial meeting with Australian Government officials. Responding to a question from a reporter, Baker made this statement at a news conference held jointly with Foreign Minister Evans.

[30] For text of the communiqué issued November 3 at the conclusion of the ministerial meeting, see Document 290.

[31] Source: *Current Policy* No. 1228, Bureau of Public Affairs, Department of State, November 1989.

I want every user of drugs in the United States to face a fact: Their actions are not just a personal indulgence. They act as paymasters to organized murderers whose victims are defenders of democracy and the rule of law. They are accessories to criminals who poison children and babies. And users by their habits also contribute to the murder of the land. Coca farmers have destroyed countless acres of forest; cocaine traffickers have dumped millions of gallons of chemicals into water supplies.

Above all, we must be honest with ourselves. There is nothing glorious or admirable or honorable in the so-called drug lords and kingpins. They are just criminals—criminals of uncommon power and uncommon brutality. No amount of laundering can wash the blood off money stained by drugs.

. . . .

I want to say a few more words now about the international dimension of the drug problem and what we are doing about it. Narcotics use, production, and trafficking are urgent problems not only for our hemisphere but worldwide. So we are going to be taking some important actions that will give teeth to our campaign against the illegal drug trade. The central idea behind our efforts is to attack these merchants of death from every angle—production, distribution, finance, and use. Let me give you just a few examples.

One, we are working with the Senate to promote ratification of the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, and we will encourage other governments to ratify as well.

Two, over the next few years you will see an intensified effort to enlist our allies and friends in a common effort to fight drugs. We and our Summit Seven partners have established a financial action task force against money laundering.[52] We have already launched an initiative to encourage our European allies to play a larger role in this and in other areas, such as approaching major drug countries such as Burma, Laos and Iran—where U.S. influence is limited.

And three, we signed an agreement in Paris with the Soviets last January which permits us to share information on narcotics issues.[53] Since then, Foreign Minister Shevardnadze and I agreed in Wyoming to expand our cooperation[54] and, to follow through, the Attorney General has traveled to the U.S.S.R. Next week, our Assistant Secretary of State for International Narcotics Matters also will travel to the Soviet Union.

These are only a few instances of how, working together with traditional allies, friends and adversaries alike, we are beginning to attack the multinational drug empires on every front. These actions, of course, are all part of the larger strategy announced by the President and which is being coordinated by Bill Bennett. As Secretary of State, I pledge that we will hold to account nations that grant safehavens to drug profiteers, who actively permit the laundering of money, and who turn a blind eye to drug shipments.

When I began this speech, I called our war on drugs a twilight struggle. Our struggle against narcotics is being fought abroad in the deep jungles and mountain valleys where coca and poppies are grown. It is being fought at home in the urban jungles ruled by corruption and cruelty. It is being fought in shadowy backrooms where drug-stained money is laundered. And, above all, it is a struggle of will and of conscience—one that is fought by each of us, often in the dark recesses of the soul.

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[52] Reference is to the seven industrialized nations (G–7) that participate annually in the Economic Summit Conference. At their meeting in Paris, July 14–16, the summit leaders expressed the urgent need for decisive international action on the drug problem and in their Economic Declaration, they called for the establishment of a task force to enhance multilateral judicial assistance. For text of this July 16 declaration, see Document 62.

[53] Memorandum of Understanding Between the United States and the Soviet Union on Cooperation to Combat Illegal Narcotics Trafficking, January 8, 1989.

[54] For text of the U.S.–U.S.S.R. joint statement issued September 23 at the conclusion of the September 22–23 meeting of Secretary Baker and Soviet Foreign Minister Shevardnadze in Jackson Hole, Wyoming, see Document 183.

But I want to end on a brighter note. For light is being shed on this pervasive problem both at home and abroad. Now, more than ever before, we see nations all over the world working together on this global problem. From the Soviet Union to Jamaica, from Spain to Malaysia, governments, leaders, and the private sector are joining in the struggle against drugs.

Tomorrow, all across America, we will be sitting down to Thanksgiving dinner and blessing the Lord for the bounty before us. We should give thanks as well for the harvest of new freedom that has sprung up around the world. And we pray that, with hard work, our communities here at home as well as the community of all nations can rid God's good earth of the scourge of drugs.

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100. Upcoming Drug Summit

Statement by the President's Press Secretary (Fitzwater), December 11, 1989[35]

A team of U.S. officials led by Assistant Secretary of State Bernard Aronson is visiting the three Andean countries this week to discuss with those governments the agenda for the planned February drug summit.

The President has focused his attention on both the domestic and international war against drugs and has made it a high priority of his administration.[36] The struggle against drugs is not limited solely to the United States. The Andean countries, particularly President Barco in Colombia, have undertaken extraordinary measures. In this context, Bolivia today has apprehended and turned over to the United States Luis Arce Gomez, who has been a fugitive from U.S. justice since 1983. Gomez was wanted in the Southern District of Florida where he has been charged with two counts of drug trafficking along with co-defendant Anna de Tamayo Rodriguez, who was recently extradited from Colombia.

The arrest of Arce Gomez sends a message that the President will work with other governments to pursue vigorously individuals who traffic in drugs.

D. Terrorism

101. U.S. Counterterrorism Policy

Prepared Statement by the Ambassador at Large for Counter-Terrorism (Bremer), February 9, 1989 (Extracts)[1]

The callous destruction of Pan Am Flight 103 on December 21, 1988, was a terrible international tragedy. The victims were not only the passengers and crew on the plane and the villagers in Lockerbie but also their relatives, friends, and all those who were touched by this horrible act. We deeply regret the loss families and friends of those on Pan Am 103 have suffered, and we share their anguish. And we share the pain of the people of Lockerbie who also lost friends and relatives.

We are determined to do everything in our power to see that this cowardly, senseless act will not go unpunished. We are committed to bringing the perpetrators to justice. Working with the British and other governments, we will follow every lead until we have answers. It may take time—there are not always quick answers in these cases—but I am confident that by using all of our resources, we will succeed in locating the murderers. Then we will exert all efforts to bring them to justice.

Right now investigators from the FBI are in Lockerbie, in London, in Frankfurt, and elsewhere working closely with their counterparts. We have established a task force within the intelligence community to mobilize our assets worldwide to gather information on potential suspects. We have approached dozens of other governments through intelligence and diplomatic channels for their assistance.

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[35] Source: *Weekly Compilation of Presidential Documents*, December 18, 1989, pp. 1939–1940.

[36] In line with his policies, the President signed on December 13, 1989, the International Narcotics Control Act of 1989 which authorized FY 1990 appropriations of $115 million for international narcotics control assistance and an additional $125 million for military and law enforcement assistance to Colombia, Peru, and Bolivia. (P.L. 101–231, approved December 13, 1989)

[1] Source: Department of State files. Bremer made this statement before the House Foreign Affairs Committee.

Because the case is under investigation, and hopefully will eventually lead to trial, I am sure you will understand that I am not able to discuss the details of the investigation itself. However, I am optimistic that in the end, we will succeed.

In your February 3 letter of invitation to appear before the committee, you asked me to address a variety of topics. Some of these, including the adequacy of the Foreign Airport Security Act,[2] an overall evaluation of the required foreign airport security assessments, and several others can be addressed more authoritatively by my colleagues from the FAA. Consequently, I defer to them on these matters.

However, three of the topics raised in your letter are directly relevant to my area of responsibility, and I would like to respond to them. They include:

—An assessment of the current international terrorism threat to U.S. interests and civilians;

—An overview and status of the U.S. Government's counterterrorism policy; and

—The extent of international cooperation with the U.S. Government on practical antiterrorism measures.

Let us begin with the threat which terrorism poses to U.S. interests today.

Our preliminary analysis of the data for 1988 indicates that there were almost 900 international terrorist incidents last year, a new record. Terrorism clearly remains a major international problem.

The international nature of the terrorist threat is poignantly highlighted by the passenger list from Pan Am 103. Citizens of almost 20 nations died as a result of this single tragic event. Overall, international terrorism claimed the lives of almost 400 people last year.

In dealing with international terrorism, we must—and do—constantly evaluate the nature of the threat, which changes markedly over time. As we take steps to reduce our vulnerability to terrorist attack, terrorists continue to try to find new "weak links" in the security chain which they can exploit. There are no quick fixes in this business.

For example, as the committee is aware, the international aviation community has made considerable progress in making it more difficult for hijackers to introduce weapons into the cabin of an aircraft. The tightened security and inspection procedures envisioned by the Foreign Airport Security Act of 1985, which your committee helped initiate, played a useful role in this security effort. As a result, there has been a significant drop in the number of hijackings. In 1986 and 1987, there was a total of three hijackings worldwide.

But while hijackings are down, aircraft sabotage is up. In 1986 and 1987, there were six explosions aboard aircraft resulting in 135 deaths. For the first time, we have had more incidents of sabotage than hijacking. And now we must add Pan Am 103 to this tragic toll.

New technology makes an impact on the counterterrorism front. In some instances, technical advances like plastic explosives help terrorists. On the other hand, our counterterrorism efforts are strengthened by the availability of new technology, such as the thermal neutron analyzer machines, to detect such explosives. The evolution of technology will go forward. So we must continue to anticipate how terrorists might try to turn technology to their advantage.

Our basic goal is constant. We seek to deter and prevent terrorist attacks. In the event of a terrorist incident, we seek the apprehension, prosecution, and punishment of those responsible. Our government has developed a counterterrorist policy to deal with the broad worldwide terrorist threat and its evolving nature.

American counterterrorist policy stands on three solid pillars.

First, we will not accede to terrorist demands. We will not pay ransom, pardon convicted terrorists, or pressure other countries to give in to terrorist demands. In other words, we will make no deals. But we will talk to anyone authoritative—anywhere, anytime—about the welfare and unconditional release of our hostages.

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[2] International Security and Development Cooperation Act of 1985, P.L. 99–83, approved August 8, 1985; 99 Stat. 190.

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Second, we have taken the lead in pressuring states which support terrorist groups and use terrorism as part of their foreign policy. We have shown these states that they will be penalized for supporting terrorism. The United States will not tolerate their aiding and abetting terrorist groups by supplying them with weapons, money, passports, training bases, and safehouses.

Third, we are imposing the rule of law on terrorists for their criminal actions. Good police work is catching terrorists, and they are being brought to trial. Since 1986, the United States has had a law which enables our law enforcement agencies to better combat terrorism overseas. Popularly called a "long arm" statute, the law makes it a Federal crime to kill, injure, threaten, detain, or seize an American citizen anywhere in the world in order to compel a third person or government to accede to a terrorist's demands.[3]

So we have a clear and comprehensive counterterrorist policy. How is it working?

Let us look first at the "no concessions" element of our policy. Obviously, this element of our policy was damaged by the Iran-contra affair. However, since then, we have made crystal clear our government's steadfast commitment to the "no deals" principle. No country, no group should believe there is gain in trying to blackmail the United States.

Based on my own meetings with counterterrorism officials and experts from other countries and in this country, I believe we have largely recovered the credibility lost by the Iran-contra affair. The international counterterrorism community understands our position, and there is strong bipartisan support here for our policy of firmness in dealing with terrorists. I hope and believe that the new administration will continue to benefit from this high level of support by the American people.

We have enjoyed an important measure of success on the second ingredient of our policy—pressuring states which support terrorism. As a result, some of the more notorious state supporters of terrorism have attempted—publicly at least—to distance themselves from terrorism.

Our 1986 airstrike on Libya's terrorist camp[4] was the watershed event in the world's fight against terrorist-supporting states. European nations followed our lead against Libya by imposing political, economic, and security measures against the Qadhafi regime. European Community members expelled more than 100 Libyan "diplomats" and restricted the movements of other Libyan "diplomatic" and "consular" personnel. These moves severely damaged Libya's European network dedicated to supporting international terrorism.

Qadhafi learned that his support for international terrorism would not be cost free, and he changed his behavior which, after all, was the objective of our attack. Libya's involvement in terrorism declined from 19 incidents in 1986 to 6 in 1987 and another 6 in 1988.

However, we must remain particularly vigilant regarding Qadhafi. There is reason to believe that Libya continues support for terrorism, albeit in a more subtle, less flagrant fashion. Moreover, Libya's continued work on a chemical weapons production facility emphasizes the need for extremely careful monitoring of Qadhafi's actions.

Syria, another long-time supporter of terrorism, also felt the pressure of our counterterrorism strategy. In late 1986, British and West German courts established Syrian complicity in terrorist attacks in London and West Berlin. Together with Great Britain, the United States joined an international campaign employing diplomatic, political, and economic sanctions to convince Syria to reduce its link to terrorist groups.

These efforts worked. In 1985, Syria was implicated in 34 terrorists incidents but in 1986 only 6. In 1987, a year after our pressures, we detected Syria's hand in only one incident and in none in 1988. Moreover, Syria expelled the violent Abu Nidal organization from Damascus in June 1987—a major victory for our counterterrorist policies.

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[3] Reference is to the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986, P.L. 99-399, approved August 27, 1986; 100 Stat. 856.

[4] For documentation on the 1986 air strike in Libya, see *American Foreign Policy: Current Documents, 1986*, pp. 450-454.

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These efforts may not force these nations to cease entirely their support for terrorist groups. Indeed, both Libya and Syria continue to provide such support. But a concerted, vigorous Western strategy does make them move more cautiously and become more circumspect.

The third and final element of our counterterrorism policy—using the rule of law against terrorists and encouraging others to do the same—is maturing into a potent weapon for two basic reasons. First, there has been a sea change in international attitudes toward terrorists. Second, governments have decided to provide law enforcement agencies the resources necessary to deter terrorism.

Not long ago, many usually responsible countries granted terrorists dispensation for their crimes. Ironically, terrorists were perceived as victims of those vague forces called "oppression" and "imperialism"—victims or, worse, romantic adventurers whose behavior should be indulged.

No longer is this true. Terrorists began to lose this international indulgence as they widened their circle of targets in the late 1970s. In some instances, they even attacked their sympathizers and supporters. The shock of such actions turned indulgence to revulsion.

And as popular disgust mounted, politicians finally insisted on action to counter the terrorists. Law enforcement agencies were given the resources to do their jobs. National police departments now have the surveillance gear, the communications equipment, and the money for overtime to gather intelligence and to track and arrest terrorists. As a result, more and more terrorists are being brought to trial and convicted.

. . . .

In short, the United States has a counterterrorism policy in place and it works. However, it is obvious that we cannot succeed alone. Many of the essential ingredients in combating terrorism—gathering intelligence information, monitoring the movements of suspected terrorists, intercepting and apprehending terrorists—require effective international cooperation.

As terrorists expand their activities and as international repugnance to terrorist acts intensifies, nations increasingly regard terrorism as a collective threat and a common problem. The desire to promote international cooperation, already strong, was particularly evident in the aftermath of the attack on Pan Am 103.

International condemnation of the sabotage of Pan Am 103 was swift and emphatic. Many individual nations condemned the attack. The Secretary-General of the United Nations issued a statement in late December 1988 expressing "outrage" at the attack. This statement was echoed by the President of the Security Council, speaking on behalf of the council, who condemned the attack and called on all states to assist in the apprehension and prosecution of those responsible.[5] Similarly, the 12 members of the European Community released a joint statement deploring the sabotage of Pan Am 103.[6]

The sabotage of Pan Am 103 has emphasized the need for prompt action to strengthen further aviation security measures. The FAA immediately issued orders for increased security measures on American carriers to deal with the new situations. But we cannot solve the problem alone. It is clear that we need to encourage the adoption of more stringent security measures throughout the aviation community.

To pursue this work, the international community is turning to the International Civil Aviation Organization (ICAO), an agency of the UN system based in Montreal. ICAO is the acknowledged body responsible for setting standards in the field of civil aviation and is, therefore, the appropriate forum for international followup to Pan Am 103.

On January 24, the United Kingdom and the United States jointly announced that, in response to the destruction of Pan Am 103, they were requesting a special session of the ICAO council to pursue ways "to improve international aviation security procedures." On January 30, the ICAO council decided to hold such a special session on February 15–16, 1989, to discuss ways to counter the growing trend of sabotage against civil aviation. A number of ICAO members—including the United States, the United Kingdom, the Federal Republic of Germany, Australia, and Switzerland—will be represented by their ministers of transportation at this meeting.

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[5] For text of the December 30 statement by the President of the Security Council, Hideo Kagami of Japan, see U.N. Press Release SC/5057, December 30, 1988.

[6] For text of the statement "Destruction of the American Aircraft of the Pan American Airlines," December 31, 1988, see *Commission Bulletin of the European Communities*, No. 12, 1988, vol. 21, p. 140.

We expect representatives at this special ministerial-level council meeting to begin by reviewing briefly the existing aviation security measures. Aviation standards, as defined and adopted by ICAO members, are contained in Annex 17 to the Chicago convention (which established ICAO in 1944).[7]

Over the years, a great deal of important work has been done to improve the measures in Annex 17 which should not be overlooked. For example, following the June 1985 hijacking of TWA 847, Annex 17 was exhaustively reviewed. In December 1985, Annex 17 was amended to include a number of provisions intended to prevent the use of weapons or dangerous devices aimed at causing bodily harm and damage to property aboard aircraft.[8]

In 1986, ICAO's Unlawful Interference Committee reviewed ICAO's security standards to ensure that they were updated promptly as necessary. This committee, with support from the ICAO Secretariat, identified four areas that warranted priority attention as particularly vulnerable to placement of explosive devices. These included ramp security, weapons detection, cargo/mail/small parcel handling, and courier service.

Work on aviation security standards has continued in ICAO's Aviation Security Panel, which reports to the Unlawful Interference Committee. This panel has identified several priorities for work in ICAO. These include security controls to detect devices which might be carried by unsuspecting parties unwittingly acting as couriers for terrorists and passenger management methods to ensure that passengers leave nothing behind on an aircraft.

Much of this work will continue and intensify as ICAO defines new approaches to security. To facilitate this work, we hope that the February 15–16 ministerial council session will endorse a plan of work that establishes priorities for technical work in ICAO. These priorities include:

—Detection of sabotage devices, especially explosives;

—Comprehensive screening of checked baggage;

—Comprehensive screening of passengers and hand baggage;

—Controlling access to aircraft by ground personnel; and

—Establishing a new ICAO service available to members at their request to assess security at individual airports and to recommend improvements as necessary.

We also expect the ministerial will review the status of security-related training provided by ICAO.

Finally, we expect the ICAO ministerial will discuss the need for increased attention to "tagging" plastic explosives for detection. Relatively little technical work has been pursued to date in this area. However, the tragedy of Pan Am 103 emphasizes both the urgency and importance of such work.

The ICAO council meeting next week will bring together some of the world's foremost authorities in aviation security. Their meeting underscores the commitment of the international community to continue the worldwide fight against terrorism. The combination of this political will and technical expertise lends considerable momentum to the important work in ICAO on aviation security, which has and will continue to make significant progress.

. . . .

Since its inception in 1984, ATA has trained over 650 students from 28 nations in advanced civil aviation security or airport police management. Both courses are offered at the Transportation Safety Institute—a FAA facility in Oklahoma City—and include a mixture of classroom instruction supplemented by on-the-scene instruction at major U.S. airports.

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[7] Convention on International Civil Aviation, signed at Chicago, December 7, 1944, entered into force for the United States February 8, 1945; 59 Stat. 1693.

[8] For text of the amended Annex 17, see "International Standards and Recommended Practices: Security Safeguarding International Civil Aviation Against Acts of Unlawful Interference," Annex 17 to the Convention on International Civil Aviation, 4th Edition, October 1989. (International Civil Aviation Organization, Montreal)

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Countering the existing threats to international civil aviation requires an effective aviation security program which includes well-trained staff supplemented by a variety of technical aids. Any such system has built-in redundancy and recognizes that the most critical element in aviation security is the well-motivated employee who takes his or her duties seriously. We are confident that our basic ATA teaching program is sound and contributes to the building of such a system. It teaches the interdependence and supplemental effects of people, dogs, and existing electronic technology such as x-rays. We will incorporate into our training, as they emerge, the "lessons learned" from the Pan Am 103 bombing.

Bomb-detector dogs already hold a critical role in aviation security as part of a comprehensive effort to detect plastic explosives. There are limits, however, to what can be done with sniffer dogs. Dogs are capable of detecting plastic explosives, but they present logistical problems. At large airports such as those in the United States and Europe, dogs provide only part of the solution. Since the ATA program generally works with less developed nations, which often have small international airports, some of the problems presented by using detector dogs at major international airports may pose fewer difficulties at the smaller airports.

We are working to broaden the scope of our aviation security training, such as that offered through the ATA program. During FY 1988, the United States worked with the French to improve aviation security in West Africa, with the Canadians to do the same at Manila International, and with the British in broad-based counterterrorism training for Pakistan. In cooperation with South Korea, we organized a conference of Pacific rim nations to establish enhanced aviation security standards before and during last year's summer olympic period.

The ATA program, with the range of training that it can offer, is a vital element in the U.S. response to the threat posed by international terrorism. For FY 1990, the President is seeking $10.017 million to support ATA training. These funds will finance training for some 1,500 recipients from 25 nations and provide a modest amount of training-related equipment.

The ATA program also works with the FAA's assessment of airports as provided under the Foreign Airport Security Act. The Department of State and the FAA cooperate closely in this FAA airport assessment program. Embassy officials are routinely involved in scheduling these assessments and facilitating the work of the FAA security officials during their visit. When deficiencies are identified in an airport's security program by the FAA officials, as they were in Caracas in the summer of 1988, State and FAA work together to develop an effective assistance program. State, through its antiterrorism assistance program, generally offers training in advanced civil aviation security or airport police management to help correct any such deficiencies. FAA, under its own authorities, provides related assistance. In the case of Caracas, the problems identified were corrected to FAA's satisfaction before the 90-day notice period expired.

In addition to training under the ATA program, we are continuing our work in research and development. One priority is to identify and develop new technology to apply to the process of examining baggage so that materials such as plastic explosives can be more consistently detected. While the first models are only now in production, the thermal neutron analyzer developed for the FAA offers real promise as a means of ensuring that plastic explosives cannot evade detection.

On behalf of the U.S. Government, the State Department coordinates and funds a national counterterrorism research and development program. In FY 1990, we will be seeking $6 million to support this interagency program. Included in the research and development program are projects to develop new forms of less expensive and more widely applicable detectors to identify plastic explosives or chemical/biological agents in closed containers. I hope that members of this committee will continue to support this program.

Another example of our research and development efforts at State is the Bureau of Diplomatic Security's funding for the development of a high-technology "sniffer" to detect nitrogen vapors, such as those emitted by explosives in automobiles, packages, luggage, or persons. The first operating models of this equipment, developed under contracts with Thermedics, Inc. totaling nearly $7 million, will be delivered to the State Department this summer. This equipment will be applied as part of our program to protect high-threat posts and to ensure the security of the Secretary as he travels. This equipment offers promise as the possible basis for other prototypes which would be applicable for use in checking airline passengers, their luggage, and carry-on items.

Terrorism remains a major international problem. While we continue to make progress in countering terrorism in some areas, new dimensions to this problem emerge with dismaying frequency. There is no single magic solution to this international scourge. Yet our political will is strong, our available resources are carefully used, and our technical expertise is among the best in the world. We remain deeply committed to our concerted effort to combat terrorism, as are the members of the committee. We greatly appreciate your support which is essential if we are to prevail.

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102. Iran's Death Threat Against Salman Rushdie

Prepared Statement by the Acting Coordinator for Counterterrorism, Department of State (Adams), March 8, 1989 (Extracts)[9]

. . . .

Given the profoundly sensitive chords this affair has touched in Western and Islamic values, the confused state of Iranian politics, and the enormity of the challenge the affair posed, we sought initially to analyze events in Tehran and confirm Khomeini's threats.[10]

Our reaction made clear our sharp rejection of these threats. At the February 16 press briefing, the State Department spokesman, Charles Redman, made a formal statement which said:

> We are appalled by the death threats issued against Salman Rushdie by the Ayatollah Khomeini, as well as a subsequent offer of a reward for his murder. We take these threats very seriously. Such threats are completely irresponsible and are incompatible with basic standards of international conduct.

. . . .

On February 19 during a television interview,[11] Secretary Baker reiterated his condemnation of the death threat and offers of a reward for Mr. Rushdie's murder, as well as the U.S. Government's official opposition to terrorism. Secretary Baker added: " . . . that if Iran really is serious about rejoining the community of civilized nations, this is not the kind of behavior that leads to that."[12]

On February 21, President Bush made the following statement:[13]

> I strongly support the EC–12 declaration in response to the Iranian threats against Rushdie.[14] However offensive that book may be, inciting murder and offering rewards for its perpetration are deeply offensive to the norm of civilized behavior. And our position on terrorism

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[9] Source: Department of State *Bulletin*, May 1989, pp. 78–79. Adams made this statement before the Subcommittee on Terrorism, Narcotics, and International Operations of the Senate Foreign Relations Committee. For additional extracts from this statement, see Document 230.

[10] On February 14, the Ayatollah Khomeini called on Muslims to "execute" Salman Rushdie and the publishers of his novel *The Satanic Verses*. The next day, an Iranian relief agency offered $3 million to any Iranian or $1 million to any foreigner who carried out the death sentence; see Foreign Broadcast Information Service, *Daily Report: Near East and South Asia*, February 14, 1989, pp. 43–44; and February 15, 1989, p. 71.

[11] Reference is to the Secretary's interview on "Meet the Press;" see Department of State *Bulletin*, April 1989, p. 23.

[12] Ellipsis in the source text.

[13] President Bush made the statement during a question-and-answer session with reporters in the Briefing Room at the White House beginning at 10:31 a.m.; for full text of the session, see *Weekly Compilation of Presidential Documents*, February 27, 1989, p. 218.

[14] The European Community Foreign Ministers met in Brussels on February 20, and issued a declaration that condemned Iranian threats against Rushdie, recalled the chiefs of the diplomatic missions at Tehran, and suspended exchanges of high-level visits with Iran. For text of the declaration, see *The New York Times*, February 21, 1989, p. A8.

is well known. In the light of Iran's incitement, should any action be taken against American interests, the Government of Iran can expect to be held accountable.

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103. Alleged Murder of Lieutenant Colonel William R. Higgins

Statement by President Bush, July 31, 1989[15]

Let me just say a word here and then go on. Let me just, on behalf of the American people, express the outrage that we feel at the brutal murder of Colonel Higgins. At this juncture, I don't have what I would call a final confirmation. On the way home from Chicago, I was on the phone to the Secretary-General. And he, at that moment, which was about an hour ago, was still hoping that Higgins had not been murdered. I called Colonel Higgins' wife and talked to her—wonderfully stoic individual who is going through sheer hell. And I will convene a meeting here in the White House about 5:30 p.m. to get an update on the intelligence and to meet with my top advisers on this whole matter.

And there is no way that I can properly express the outrage that I feel. And somehow there has got to be a return to decency and honor, even in matters of this nature.

And I will have nothing more to say about this until I have had this meeting and been with some—I may say something more today, but probably not. And at this juncture, we want to get all the information and be sure we're dealing from the facts, not from—regrettably—from hearsay. But it is a most troubling and disturbing matter that has shocked the American people right to the core.

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104. Urgent Call to All Parties To Release Hostages

Statement by President Bush, July 31, 1989[16]

Our grave concern over the taking and holding of American citizens as hostages has been made clear on numerous occasions in the past.

On Friday, I said that the taking of any hostage was not helpful to the Middle East peace process. The brutal and tragic events of today have underscored the validity of that statement. That position, and our firm opposition to negotiating with hostage takers, was further reinforced in my discussions this evening within the administration and in consultations with the congressional leadership.

Tonight I wish to go beyond that statement with an urgent call to all—all parties who hold hostages in the Middle East—to release them forthwith, as a humanitarian gesture, to begin to reverse the cycle of violence in that region.

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105. "Iran Should Use . . . Influence To Obtain . . . Release of All the Hostages"

Daily Press Briefing by the Department of State Spokesman (Tutwiler), August 2, 1989 (Extract)[17]

. . . .

Q. Do you consider the Iranians to be influential in communicating to those whom the United States holds responsible, but you don't consider Iran to be responsible for what happens to the hostages? Is that correct?

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[15] Source: *Weekly Compilation of Presidential Documents,* August 7, 1989, p. 1191. The President spoke at 2:18 p.m. on the South Lawn of the White House after returning from Chicago. Lieutenant Colonel Higgins, USMC, chief of the U.N. peacekeeping force in southern Lebanon, was kidnaped on February 17, 1988, and allegedly hanged by pro-Iranian terrorists on July 31, 1989. For additional information on the welfare of U.S. hostages, see Document 249.

[16] Source: *Weekly Compilation of Presidential Documents,* August 7, 1989, pp. 1195–1196. President Bush made this statement after a special 5:30 p.m. meeting in the White House Cabinet Room with his senior advisers about the hostage situation in Lebanon.

[17] Source: Office of Press Relations, Department of State. The briefing began at 1:29 p.m.

A. We have said many times before that Iran has influence with the hostage-holders in Lebanon. Iran should use that influence to obtain the immediate, unconditional, and safe release of all the hostages.

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106. Release of Hostages: "We're Leaving No Stone Unturned"

Statement by President Bush, August 2, 1989 (Extract)[18]

. . . .

Q. What action are you going to take, Mr. President, or are you considering taking?

THE PRESIDENT. Well, you can just rest assured that we're going about our business in a—I'd say, a prudent way, and not—with a heavy heart, obviously, because of the feeling that the Minister expressed on behalf of the whole world, but the feeling that I feel just so personally about what happened to Colonel Higgins. But I would just leave it, Helen [Helen Thomas, United Press International],[19] that—please assume we are thinking prudently about this matter in every way possible.

We have exercised every diplomatic channel that I can think of—some personal, some through our Secretary of State and our national security adviser. We've been in touch, I have, personally, with many world leaders, and our State Department has fleshed this out, so we're leaving no stone unturned. But regrettably, as you know, sir, we're dealing with less than a full deck when it comes to information. It is very hard when you're dealing with this kind of cowardice and this kind of dastardly act to get all the information that you need to make a decision.

Q. Mr. President, do you feel you've received assurances from any of the other countries that you've contacted that they will be able to help in the situation? Is there anything you can tell us today that you feel—have some new confidence at all?

THE PRESIDENT. I feel that everybody I have talked to, and including my distinguished guests here, would do everything they can to try to help. And yet, they face the same problems that we face when it comes to information and trying to find out exactly what happened. We are not dealing with all the facts. But I've had assurance after assurance from world leaders that they want to help. I'm sure you know, I was very recently on the phone with Margaret Thatcher and many others—several others—today and quite a few yesterday, and so it transcends religion, it transcends alliances.

It gets in, as the Minister said, to a matter that concerns the entire civilized world. And so we will keep on trying. And in the meantime, we've got to go about our business, and I'm doing that. But I don't want anyone in this country or around the world to think that it is anything of other than tremendous concern. But we must prudently move on with the business of our country.

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[18] Source: *Weekly Compilation of Presidential Documents,* August 7, 1989, p. 1202. The President's remarks were made in response to questions at a session with reporters in the Oval Office at the White House at 1:31 p.m. following discussions with Foreign Minister Muhammad bin Mubarak Al Khalifa of Bahrain.

[19] Brackets in the source text.

107. "Freeze" of Sentence Issued Against Hostage Cicippio

Statement by the President's Press Secretary (Fitzwater), August 3, 1989[20]

We have seen the statement this afternoon declaring a "freeze" of the sentence issued earlier against hostage Joseph Cicippio. We regard this as an encouraging and hopeful development. But it still does not answer our continuing concern for release of all hostages. We urge that all parties in the region use whatever influence they have to end the tragedy of hostage taking and to release those remaining in captivity. And we express our appreciation to all those who have been thus far trying to help.

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108. Commission on Aviation Security and Terrorism

Statement by the President's Press Secretary (Fitzwater), August 4, 1989[21]

The President has announced his intention to form a Commission on Aviation Security and Terrorism to review and evaluate policy options in connection with aviation security, with particular emphasis on the destruction, on December 21, 1988, of Pan Am Flight 103.[22] He has complimented the efforts of Majority Leader Mitchell and Republican Leader Dole, and their staffs, on their work with families of the victims and with the administration in the creation of this Commission.

The Commission's terms of reference call for a comprehensive study and appraisal of practices and policy options with respect to preventing terrorist acts involving aviation security, an evaluation of the adequacy of existing procedures for aviation security, including compliance and enforcement, and consideration of options for handling terrorist threats. In addition, the Commission will make recommendations regarding policies and laws concerning the families of victims of terrorist acts. Ongoing, intensive investigations into all aspects of the destruction of Pan Am Flight 103 will not be affected by the Commission's work. Rather, the Commission will focus on the need for additional measures to improve aviation security.

The Commission on Aviation Security and Terrorism will be independent, have access to all information it needs to perform its functions, and report to the President within 6 months of its formation. In the event the Commission's report contains classified portions, a report for public distribution shall also be prepared. The Commission will have seven members. Four members will represent both parties in the Senate and the House of Representatives and will be appointed in consultation with congressional leadership.

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109. Worldwide Revulsion at Brutality of Higgins' Murder

Statement by President Bush, August 9, 1989 (Extract)[23]

. . . .

Q. Mr. President, have we made any progress at all on the possible return of Colonel Higgins' body?

THE PRESIDENT. No. And again, I'm not going to give up on it. I'm not going to say there is no hope. I talked to the [U.N.][24] Secretary-General yesterday, who is meeting with his representative Goulding [Marrack Goulding, Under Secretary-General for Special Political Affairs] today. He's coming back from his vacation to talk to him, and I expect I'll be in touch if there is any reason.

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[20] Source: *Weekly Compilation of Presidential Documents*, August 7, 1989, p. 1204. Joseph Cicippio, acting comptroller at the American University of Beirut, was abducted from the campus on September 12, 1986.

[21] Source: *Weekly Compilation of Presidential Documents*, August 7, 1989, p. 1210.

[22] For text of Executive Order 12686 issued August 4 establishing this Commission and filed with the Office of the Federal Register August 7, see *ibid.*, pp. 1209–1210.

[23] Source: *Weekly Compilation of Presidential Documents*, August 14, 1989, p. 1229. The President's statement was made in response to a question during an exchange with reporters which began at 12:09 p.m. in the Oval Office at the White House. After examining a videotape, allegedly of Colonel Higgins, that was released by the pro-Iranian group, FBI experts concluded on August 7 that the person depicted in the tape probably was Higgins and that he was "within a reasonable degree of medical certainty" dead.

[24] All brackets are in the source text.

I'll tell you one thing, Tom [Tom DeFrank, *Newsweek*], that is interesting out of this, and perhaps hopeful. Some who—don't ask me to elaborate—some who heretofore have been ambivalent or silent in the face of Americans held hostage because of political reasons have been so infuriated or angered or repulsed by the brutality of the Higgins film and then having Cicippio come out and read under obvious duress that statement—they've been so offended by that, regardless of their view on the politics of the Middle East or any other area, that we are finding more and more of a willingness to help. And I'd say that's a positive thing. That might offer more hope to those families that are just being so hurt by the recent revelations.

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110. Cooperation in Countering Terrorism

Prepared Statement by the Coordinator for Counterterrorism, Department of State (Busby), September 11, 1989 (Extracts)[25]

Thank you for the opportunity to discuss the terrorism threat facing the United States and the steps the executive branch is taking in cooperation with the Congress to address this menace.

As your previous panel has already spoken of the international threat, I will provide only brief introductory remarks on that aspect of your hearing. Instead, I will concentrate on the issues of international cooperation, interagency organization and executive branch management which you and Senator Lieberman raised in your letter of invitation.

Threat Situation

As a nation we continue to be reminded of the many forms of the international terrorism threat. A few days before Christmas last year, there was the bombing of Pan Am 103. In August, there were the callous video of Lt. Col. Higgins hanging by the neck and death threats against hostage Joseph Cicippio. Most recently there has been a reign of terror in Colombia as narco-traffickers try to intimidate President Barco into backing down from his decision to extradite these criminals.

Too often people suggest that terrorism is just an American problem or an Israeli problem, or a British problem, or a problem only for the people of Colombia. That is wrong. It is an international problem. In 1988 international terrorist incidents affected the citizens and property of 79 nations in a total of 68 countries throughout the world. A single incident can kill or maim victims from many nations. The bombing of Pan Am 103, for example, killed citizens of nearly 20 different nations.

Terrorists cooperate with each other. Weapons are shared; safehouses are used by terrorists from more than one group; the latest technology for bombs spreads quickly throughout the international terrorist network; travel documents stolen in one area of the world are used by terrorists thousands of miles away.

The best strategy for dealing with terrorism—be it in the United States or abroad—is for the nations of the world to cooperate in fighting against the terrorists. We must make common cause and work together to ensure that terrorists are arrested, extradited, tried, and severely punished for their crimes. Above all, nations must stand together in dealing with countries that support terrorism, where possible to convince those countries to abandon their support for terrorism, and, where this is not possible, to apply sanctions or other appropriate measures as incentives to change their behavior and to reduce their capacity to support terrorist acts.

International Cooperation

The very nature of terrorism requires that the defense against terrorism be international in scope. Terrorists often operate in small cells with rigorous security. They may rely on couriers instead of electronic communications. Terrorists will strike across international frontiers in pursuit of a target, and groups of different nationalities will train with each other.

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[25] Source: *Threat of Terrorism and Government Responses to Terrorism: Hearing Before the Committee on Governmental Affairs, United States Senate, One Hundred First Congress, First Session* (Washington, 1990), pp. 73–79. Joseph I. Lieberman presided over the session.

Improving international cooperation—not just between the United States and its traditional allies but also with other nations—must be one of the primary elements in any effective strategy for containing and deterring terrorist attacks. We must and do work with other governments to collect intelligence on terrorist organizations. We exchange threat information as appropriate. Law enforcement personnel must continue to work with their colleagues from other nations in the laborious process of identifying, apprehending, and prosecuting terrorists. In short, collective efforts among law-abiding nations are needed to maximize the economic and political sanctions against states that assist terrorists.

The United States is in the forefront of the international community's efforts to develop and implement successful countermeasures to terrorism. We discuss terrorism on a bilateral basis regularly with a number of countries and, when appropriate, exchange sensitive intelligence and analyses. We work through both bilateral channels and multilateral organizations to strengthen international policies on aviation and maritime security. With several nations, we coordinate our respective training and assistance programs to learn from each other and to minimize duplication. With some governments, our own counterterrorism units actually "cross-train," to exchange tactical information and techniques which help each nation to prepare itself better to respond to a terrorist incident.

But there are minuses as well as pluses. While there are fewer and fewer states that do not cooperate on counterterrorism measures, we still do not have a solid front. While some countries are willing to take a tough stand, others are more equivocal. As we approach the 1990's we need to make it clear to countries supporting terrorism that their relationships with the rest of the world are at risk if they do not stop. Just as terrorism's victims come from countries all over the world, so must the response be multinational. Unfortunately, we are not yet there. Commercial interests, political agendas, including misguided notions of how to show sympathy with certain causes, and differences over strategy and tactics continue to prevent international cooperation from reaching the level essential for dealing effectively with this threat.

We also work in the United Nations and other international organizations to get our message across and to press our position that terrorism is an unacceptable tactic, regardless of the motivation. It is not always easy, especially in the United Nations where there can be prolonged disputes over words in resolutions. The U.N. Security Council recently passed a resolution calling for the release of all the hostages, a step we welcomed.[26]

We have had good success in the U.N. specialized agencies, such as the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO). At ICAO, the main forum for efforts to improve international civil aviation standards, a new international convention was drafted last year on airport security.[27] ICAO is also considering additional international civil aviation standards to help prevent another Pan Am 103 type incident. IMO became concerned about maritime terrorism in the aftermath of the *Achille Lauro* shipjacking and, in response, developed a convention on maritime security.[28] Both of these Protocols have been submitted to the Senate, and we hope you and your colleagues will give your advice and consent to these treaties this year.

In addition to these U.N.-affiliated organizations, we engage other forums in multilateral cooperation against terrorism. For example, the United States works closely with our allies through groupings, such as the Summit Seven of Western industrialized nations and the European Community. We have developed a good working relationship with the EC "TREVI Group" of Justice and Interior Ministers. The Attorney General, the Director of the FBI, and I meet with TREVI Ministers when they hold their semiannual sessions. The European Community, after some hesitation, played an important role, for example, in taking economic and diplomatic steps against Libya and Syria in 1986 after Libya was implicated in the Berlin disco bombing and British courts found that Syrian officials were responsible for an unsuccessful effort to place a bomb aboard an El Al passenger airliner at London's Heathrow Airport.

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[26] Resolution 638 (1989) adopted by the U.N. Security Council, July 31, 1989.

[27] The 1988 Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Aviation, signed at Montreal and opened for signatures February 24, 1988; Senate Treaty Document 100-19.

[28] The Convention for the Suppression of Unlawful Acts Against the Safety of Maritime Navigation, signed at Rome and opened for signatures March 10, 1988; Senate Treaty Document 101-1.

We also work closely with other countries both in sharing information to help prevent terrorist attacks and in investigating attacks that have taken place. The Pan Am 103 bombing, for example, has touched off the largest international criminal investigation in history, involving a number of countries. We also cooperated closely with West German officials in the recent case that resulted in a life sentence for Mohammad Hammadi for his role in the hijacking of TWA 847 and the murder of a U.S. Navy diver, Robert Stethem.

Besides the normal diplomatic avenues of discussion and assistance to investigators, the Department of State provides antiterrorism training to security officials of a significant number of governments throughout the world. Over 7,000 persons from more than 50 nations have participated in such programs in the last 5 years. We provide training and related equipment for antiterrorist measures ranging from aviation security and crisis management to the technical specialties of post-blast investigation and forensic evidence analysis. This program not only improves technical skills, but also develops contacts and working relationships between the United States and the participating nations. In so doing, we help foster safety both for our embassies and other overseas facilities, as well as for the American business and private community abroad.

A final area of effective international cooperation is research and development of new equipment to counter existing and potential terrorist capabilities. The United States undertakes such research itself and in cooperation with several allied countries. Such cooperation is essential if we are to draw upon scientific and manufacturing expertise to counter terrorist threats, such as the plastic explosives used to blow up Pan Am 103.

. . . .

Current Issues

Mr. Chairman, this brings me to the final area you indicated you would like me to discuss: current issues and problems, including intelligence gathering. It is difficult to discuss the intelligence aspects of counterterrorism in a public forum, but I can make a few general comments.

Effective counterterrorist policy must be based on sound principles and be consistent. And to be effective and anticipitory, it must be intelligence-based and driven. Simply reacting to terrorist incidents as they occur is not enough. We need successful and consistent intelligence gathering and analysis if we are to have any prospect of preventing terrorist operations.

By their very nature, terrorist groups are hard to penetrate and track. They depend on surprise and secrecy for their success. Some groups, such as the Lebanon-based Shi'a Hizballah group that hold American hostages in Lebanon, present special problems. They often include only members of the same extended family, which makes them extremely difficult to penetrate. That is not to say we are helpless. Effective cooperation among intelligence services is an important tool. While the whole picture may not be available to any one intelligence service, effective sharing—both between intelligence agencies within the U.S. Government as well as with our allies—helps to piece together the complex puzzle presented by terrorism.

Another important undertaking is developing more effective mechanisms to promote "crosstalk" between law enforcement and intelligence organizations. Intelligence, even though it may not be of evidentiary value in a court of law, can help guide investigations. And, information developed during legal investigations or court proceedings can provide invaluable insights for the intelligence analysts. We are working to improve this facet of our cooperative efforts. I understand that the Senate already has voted to request a report from the executive branch on the situation, and I believe it would be better to defer to that process rather than go into detail on the subject in this public hearing.

Another current problem is funding the research and development needed to counter terrorist tactics. For several years the State Department has funded and managed a National Counterterrorism Re-

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search and Development Program to fill research gaps identified by an interagency group of experts. This program provides initial seed money—R&D funds—and takes projects often to the point of producing prototype equipment, where they can be "handed off" to another agency that can use the final product and take it to the full production stage. Research projects currently underway include those to improve our capabilities to detect plastic explosives and to help deal with chemical and biological threats that terrorists could pose in the future.

This program, while small, is funded by the Congress at levels well below the appropriation sought by the President. For example, the administration sought $6 million for this initiative for FY 1989. Although the Congress authorized the full request, the Senate "zero-funded" this program in the Commerce, Justice and State Appropriation Bill last year and in the conference with the House, the R&D program received only $3 million. I am concerned about similar possible cuts in FY 1990 which I believe would be contrary to the frequently expressed statements by many members of Congress that we must do more to deal with the threat posed by terrorism. Here is a case where a limited investment can pay enormous dividends in protecting American lives. The types of devices being developed could help prevent future tragedies like the Pan Am 103 bombing.

A final area where action is important is in improving the legal tools that we can array against terrorism. We strongly support legislation to make it more difficult for suspected terrorists to get visas to the United States and to expedite deportation of those who do manage to get into the country. Another area of related concern is the financing of international terrorism. Some groups, such as the Abu Nidal Organization, supplement their receipts from state sponsors by establishing front companies overseas which then furnish both cover and profits to support terrorist operations. Closer to home, we are concerned about the ability of terrorists to engage in fund-raising or other methods for raising revenue in this country. We are exploring, therefore, through the PCC on terrorism and with the Justice Department, possible legislation intended to prohibit the flow of financial assets to terrorist groups. We hope to be able to consult this autumn with members of Congress on dealing with these potential legislative matters.

In conclusion, Mr. Chairman, effectively fighting terrorism is a cooperative effort, both internationally and within the U.S. Government. There are few easy solutions and no magic answers. Your next panel, I understand, will discuss policy options, and I won't dwell on that point. For my part, I would like to close by emphasizing that we must be persistent, realizing that combatting terrorism is a long-term effort. And we must work together, within the executive branch, with the Congress, and with other like-minded nations, to defeat the scourge of international terrorism.

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111. Success of Forceful Diplomacy and Show of Force

Statement by the Secretary of Defense (Cheney), San Francisco, September 21, 1989 (Extract)[29]

. . . .

Q. Among all of the pressing defense problems, how high is terrorism on the agenda, and what role in shaping American policy toward terrorists do you yourself play?

A. Terrorism, unfortunately, has gotten to be a fact of life over the last several years. Every administration has had to wrestle with it in one way or another. The military does have a role, the Department of Defense, in trying to develop and if necessary deploy the capability to deal with a terrorist situation. The policy hasn't really changed.

The policy, of course, of this administration is much as it's been in the past, and that is that you do not negotiate with terrorists. There is absolutely nothing to be gained by changing that policy. We haven't changed it, we don't plan to change it. The one major terrorist incident we've had recently, of course, has been the unfortunate event surrounding the death of Colonel Higgins. The President, I thought, responded as well as he could under the circumstances. I thought his forceful diplomacy and show of force that we had in the Mediterranean probably was successful in discouraging Hisballah from taking yet more lives.

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[29] Source: *Public Statements of Richard B. Cheney, Secretary of Defense, 1989.* This statement was made in response to a question following a talk to the Commonwealth Club of San Francisco, which was held at the Fairmont Hotel.

But we obviously haven't solved the problem of terrorism. It's a great tragedy when a man like Colonel Higgins who was on active duty with the United Nations Peacekeeping Forces in Lebanon, who had served as military assistant to one of my predecessors, had to give his life to those individuals who were part of the terrorist movement in Lebanon. It's a great tragedy.

But as the great nation we are with interests around the world and with people all over the world, in the business and political world and in the military world, there is no question but that we are a ripe target and we have to do everything we can to guard against it and to get other nations to treat terrorists with the same contempt I think we all feel for them.

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112. U.S.-Soviet Cooperation Against International Terrorism

Statement by President Bush, December 3, 1989 (Extract)[30]

. . . .

Q. Mr. President, relatives of the Pan Am 103 bombing were going to have a ceremony at the harbor today—drop flowers into the harbor—as part of their attempt to have both you and Mr. Gorbachev work together in fighting international terrorism. Did this come up specifically this weekend, and could you talk a little bit about that?

THE PRESIDENT. Yes. Not 103 per se, but you're talking about anti-international terror—yes, it did—and also in the antinarcotics efforts. There's more we can do. We didn't discuss it specifically, but I'm thinking about certain kinds of intelligence interchange that can prove to be beneficial.

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[30] Source: *Weekly Compilation of Presidential Documents,* December 11, 1989, p. 1880. The President made this statement in response to a question at a session with reporters following his summit meeting with President Gorbachev at Malta, December 2–3. The President spoke at 2:47 p.m. on the Soviet passenger liner *Maxim Gorky* in Marsaxlokk Harbor. Regarding the Malta summit, see Documents 187–189.

Chapter 9. International Information, Educational Exchange, and Cultural Affairs Programs

115. "Tell America's Story to the World"

Statement by the Director of the U.S. Information Agency (Gelb), August 17, 1989 (Extracts)[1]

I am delighted to be here today to meet with you. I suspect that most of you, in the course of your assignments at the various Federal agencies, have either heard mentioned or had occasion to deal with the U.S. Information Agency. When I told President Bush that I would be honored to become director of USIA, I had some sense of the scope of the work of the agency. But what I have learned since then about USIA's worldwide operation has been a genuine revelation.

Shortly after being sworn in, for example, I learned a tremendous amount about the effect the Voice of America, a vital part of USIA, can have. We used to estimate our audience in China at between 60 and 100 million daily. However, due to the student uprising and subsequent government crackdown, *The Washington Post* on June 8 said that our audience is "estimated at 200 million people and growing by the hour."

Despite recent budget cuts, we are doing everything in our power to ensure that the Voice of America's Chinese service continues to stand out like a beacon of freedom to those people of China who have the courage to stand alone before an oncoming tank.

But the Voice of America is only one aspect of the work of USIA. USIA's mission is to "tell America's story to the world." It does this at 204 posts in 127 countries around the world. Slightly more than 9,000 people work in the United States and overseas for USIA. About 5,000 are Americans and almost 4,000 are foreign nationals hired locally in countries abroad.

USIA is responsible for the U.S. Government's overseas information and cultural programs, including VOA, the Fulbright scholarship program, and our satellite television network.

We present America, the policies and goals of our government, and our aspirations and way of life, to people in other lands.

USIA's mission has also been called public diplomacy. Traditional government-to-government diplomacy has been conducted by diplomats behind closed doors. Our task at USIA is an aspect of that craft, but at a government-to-people level. It is the art of the civilized persuasion of others of the merits of our own point of view.

Public diplomacy is all the things that USIA does—radio, television, publications, exhibits, libraries, or exchange programs—to give the public in other countries a better idea about the United States, its people, society, and policies.

. . . .

USIA, in all its work, seeks to strengthen foreign understanding and support for this nation's policies and actions; we counter attempts to distort our nation's policies and objectives; we advise the President, the Secretary of State, and others on the views of foreign publics regarding current and proposed policies; and we administer this country's educational and cultural exchanges.

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[1] Source: USIA files. Gelb spoke to the 1988–1989 White House Fellows at 712 Jackson Place, Washington.

We use information and the tools of communication to defend and further our worldwide security interests. As our officers overseas draw up their annual plans, they tailor their communciations programs to fit specific conditions in their countries. Working with the Ambassador and other Embassy elements, our public affairs officer decides, in the context of the host country, how best to communciate with key groups and individuals in his or her country.

Of course, USIA has been doing this kind of work for many years—for over 35 years, since we began in 1953 under President Eisenhower. So what is new and different about the work that we are doing now? To begin with, USIA is now an important and integral member of the President's foreign policy team. It is a given that public diplomacy abroad must be part of our overall diplomacy efforts.

. . . .

We are now looking into ways of using the cutting edge of technology to get our message across, whether this is using satellite transmissions to override the Chinese Government's jamming of shortwave frequencies for our VOA broadcasts or our everyday use of computer technology to get our story out.

. . . .

I think it is the most fascinating of America's Government agencies because it is America—it shows America, broadcasts America, explains America, displays America in all its ethnic diversity, intellectual creativity, and vibrant innovation.

I also think USIA is the most important agency in government. Since America's founding over 200 years ago, people around the world have been fascinated by this country—they may not have agreed with us at all times but they have watched us and have seen, in the spirit that is America, something compelling and intriguing.

. . . .

As President Bush has said, "a new breeze is blowing, and a world refreshed by freedom seems reborn. . . . Great nations of the world are moving toward democracy—through the door of freedom."[2]

It is to the United States—with its free press, free elections, and free enterprise—that many nations are looking as they move toward change.

We must tell those nations looking for a change, about America's story. We must make it clear to them why the American idea works. This has always been USIA's mission—and it has never been more important than it is today.

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114. National Endowment for Democracy's Role in Building Free, Democratic Institutions

Prepared Statement by the President of the National Endowment for Democracy (Gershman), September 28, 1989 (Extracts)[3]

Since the time our chairman, Senator Brock, last addressed this panel, the Endowment has continued its far-reaching program of addressing the needs of those throughout the world who look to the United States for support in building free democratic institutions.

. . . .

I would like to take advantage of this hearing today, Mr. Chairman, to brief the subcommittee on the Endowment's plans and priorities for the coming year.

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[2] Ellipsis in the source text. For text of President Bush's inaugural address, January 20, see Document 2.

[3] Source: *The National Endowment for Democracy in 1990: Hearing Before the Subcommittee on International Operations of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 34–35, 45–47, 49–50. Chairman of the subcommittee, Mervyn M. Dymally, presided over the session.

The Endowment funds programs primarily in three major substantive areas: pluralism; democratic governance and political processes; and education, culture, and communications.

Some areas of Endowment programming are better suited to some countries or regions than to others. A broad, multifaceted program is feasible in Latin America, for example, because numerous opportunities exist to work with independent unions, business associations, parties, and other private institutions. There are also possibilities for conducting programs in the area of education and culture. But in closed societies, such as those in much of the Communist world, the absence of legal independent private institutions has inevitably restricted work in the areas of pluralism and democratic governance. Here the preponderance of programs has been in the area of education, culture, and communications. With the dramatic openings currently taking place in Poland and Hungary, however, it may become possible to support programs promoting pluralism and democratic governance in these countries. Wherever there is the possibility for broad Endowment support involving all of its core grantees as well as other grantees, the Endowment aims to coordinate the various programs so as to avoid duplication and to maximize the impact of the overall effort.

. . . .

As I have noted, there is now a possibility that the Endowment will receive special funding for noncampaign support in Nicaragua in preparation for the February 1990 elections. Understandably, there is a great desire to provide noncampaign assistance to Nicaraguan democratic parties and civic organizations to strengthen their participation in the democratic process. But there are many other countries in Latin America holding elections in the coming months—among them *Brazil, the Dominican Republic, Guatemala, Peru, and Uruguay*—here democratic parties and civic organizations also need assistance. Similar assistance is also needed in *Hungary*, as well as in *other countries that may be emerging from Communist autocracy*. But the resources available to meet these needs are egregiously inadequate.

Without additional funding, the Endowment is not in a position to address the democratic needs of these regions. Programs in *Brazil and Mexico*, two countries of great importance in Latin America, have been kept to a minimum due to budget constraints. The Endowment's programs in *Africa and the Islamic world*—two vital areas—have also been minimal. To expand programs in these regions, the Endowment would have to undertake a major program development effort for which it does not have the funds.

At a time of rapidly expanding opportunities for programs in *Eastern Europe and the Soviet Union*, the Endowment has had to cut its discretionary allocations for projects in this region. Every week there are new organizations emerging in the region which look to NED for support that it is unable to provide, even by stretching existing resources as tautly as possible through a multiplicity of small grants. For example, a multifaceted program to support independent groups and publications in the Soviet Union is being funded at less than 10 percent of the amount needed to carry out the full program.

The Free Trade Union Institute's (FTUI) work of assisting democratic labor movements throughout the world—the sectoral model upon which the full Endowment program was built—has suffered dramatically as a result of budgetary limitations. The Institute's FY 1989 grant from the Endowment, $5,039,685, represents more than a 50 percent cut from its 1984 grant.

The National Democratic Insitute for International Affairs (NDI) recently had to reject proposals in Bolivia and Bangladesh because of a lack of funds. Other programs by NDI for the democratic opposition in Panama following the elections had to be curtailed because of funding difficulties.

FTUI and NDI, as well as the *National Republican Institute for International Affairs* and the *Center for International Private Enterprise*, are seeking to expand their activities in the East Bloc at this opportune time. However, funding constraints are impeding their efforts to provide more than token assistance to democratic movements.

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VII. *NED's Role in the Years Ahead*

With its unique institutional capabilities and proven ability to provide vitally needed democratic assistance openly and consistently, the Endowment can make an essential contribution to addressing these and other critical policy issues. But its real value should be viewed in the long term and on a broad scale. As political competition becomes an increasingly salient feature of international relations in an age of receding Cold War tensions, the Endowment offers a politically attractive way to advance U.S. interests and values. In a period of tight budgets, it is also exceedingly cost-effective. The funds needed to allow this vital initiative to fulfill its potential are meager compared to the enormous scope and importance of the issues and the stakes involved. (In this connection it is important to take note of the fact that the West German party foundations together spend more than eight times as much as the NED for democracy abroad.) Funds for NED represent a prudent investment in a safer and more democratic world.

In the face of accelerating change, we need to interact creatively with developing nations and with emerging movements in the Communist world. The scientific and technological revolution is creating an international community that is at once more integrated and competitive. In addition, the revolution in communications and information has brought us into closer contact than ever before with foreign cultures and distant countries. Such developments require us to reexamine the means by which we try to influence trends and events abroad, and to ask how we can best advance our national interest and democratic values in a world of heightened political consciousness.

Mr. Chairman, the Endowment is attuned to this new era. After 5 years of effective performance, it enjoys broad bipartisan support in Congress. Its work not only advances democracy in the world, but also puts the United States publicly and effectively on the side of those struggling to advance democratic goals. The Endowment has been through its period of testing and has proven its worth. Commentators who have followed the Endowment's programs closely have recommended funding levels far beyond the current budget. It is now time to give it the resources to become the truly global forces for freedom that its founders envisioned.

115. International Communications and Information Policy

Statement by the U.S. Coordinator and Director-designate of the Bureau of International Communications and Information Policy, Department of State (Holmes), November 16, 1989 (Extracts)[4]

. . . .

Recent events in Eastern Europe have once again reminded us that breakthroughs in the communications and information fields are transforming the world economy, and challenging existing political relationships, institutions, and values. What more propitious moment than this to underscore the vital interrelationship between information technology and foreign affairs.

In this regard, the role of the U.S. Coordinator and the Bureau is clear. It is to:

—identify and frame key international communications and information policy issues;

—bring these issues to decision by coordinating a U.S. position;

—incorporate foreign policy considerations into the U.S. position; and

—promote these positions internationally.

Our objectives in fulfilling this role are to ensure that information flows freely among nations, to encourage international commercial activity through the efficient and innovative use of communications resources, and to broaden the worldwide communications networks by expanding the capacities of developing countries.

. . . .

Multilaterally, the Bureau provides guidance and instructions to U.S. delegations to a number of organizations, including the International Telecommunications

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[4] Source: Department of State files. The statement was made during confirmation hearings before the Senate Foreign Relations Committee.

Union, the oldest U.N. agency; as well as INTELSAT and INMARSAT, the two major international satellite consortia. The Bureau also conducts bilateral negotiations and informal discussions with individual countries on specific issues. In both multilateral and bilateral fora, pressure is building for greater attention to the needs of developing countries. With most of mankind still without access to a simple telephone, the worldwide demand for additional telecommunication facilities and services is enormous. The Bureau is urging developing countries to make telecommunication development a major priority and to undertake the necessary policy reforms to attract private investment and participation. We are working to assure that the ITU's Center for Telecommunication Development and the newly created Bureau for the Development of Telecommunications, as well as the U.S. Telecommunications Training Institute, play appropriate roles. Their efforts can benefit both U.S. industry and the international community of nations.

Turning to my priorities, Mr. Chairman, as U.S. Coordinator, I will seek even closer cooperation with the key public agencies and private sector interests that influence international communications and information policy. Also, I will expand our dialog with the Congress on the communications issues that are particularly important to you.

. . . .

President Bush, in a May 17, 1989, message to the ITU, best summarized the importance of international telecommunications policies which benefit all nations. He said, "An open and competitive telecommunications environment, coupled with the free flow of information, is a key to success in our increasingly competitive world."

I look forward to working with the Congress, other U.S. Government agencies, the telecommunications industry, and the general public to promote these policies and principles.

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Chapter 10. Europe and Canada

A. Regional and General Policies

116. Reaffirmation of Commitment to the CSCE Process

Concluding Document of the Vienna Meeting of the Conference on Security and Cooperation in Europe, Vienna, January 17, 1989[1]

The representatives of the participating States of the Conference on Security and Co-operation in Europe (CSCE), Austria, Belgium, Bulgaria, Canada, Cyprus, Czechoslovakia, Denmark, Finland, France, the German Democratic Republic, the Federal Republic of Germany, Greece, the Holy See, Hungary, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Monaco, the Netherlands, Norway, Poland, Portugal, Romania, San Marino, Spain, Sweden, Switzerland, Turkey, the Union of Soviet Socialist Republics, the United Kingdom, the United States of America and Yugoslavia met in Vienna from 4 November 1986 to 19 January 1989 in accordance with the provisions of the Final Act[2] relating to the Follow-up to the Conference, as well as on the basis of the other relevant CSCE documents.

The participants were addressed on 4 November 1986 by the Austrian Federal Chancellor.

Opening statements were made by all Heads of Delegations among whom were Ministers and Deputy Ministers of many participating States. Some Ministers of Foreign Affairs addressed the Meeting also at later stages.

The participants were addressed by a representative of the Secretary-General of the United Nations. Contributions were made by representatives of the United Nations Economic Commission for Europe (ECE) and UNESCO (UN Educational, Scientific & Cultural Organization).

Contributions were also made by the following non-participating Mediterranean States: Algeria, Egypt, Israel, Lebanon, Libya, Morocco, Syria and Tunisia.

The representatives of the participating States reaffirmed their commitment to the CSCE process and underlined its essential role in increasing confidence, in opening up new ways for cooperation, in promoting respect for human rights and fundamental freedoms and thus strengthening international security.

The participating States welcomed the favourable developments in the international situation since the conclusion of the Madrid Meeting in 1983 and expressed their satisfaction that the CSCE process has contributed to these developments. Noting the intensification of political dialogue among them and the important progress in negotiations on military security and disarmament, they agreed that renewed efforts should be undertaken to consolidate these positive trends and to achieve a substantial further improvement on their mutual relations. Accordingly, they reaffirmed their resolve to implement fully, unilaterally, bilaterally and multilaterally all the provisions of the Final Act and of the other CSCE documents.

As provided for in the agenda of the Vienna Meeting, the representatives of the participating States held a thorough exchange of views both on the implementation of the provisions of the Final Act, and the Madrid Concluding Document[3] and of the tasks defined by the Conference, as well as, in the context of the questions dealt with by the latter, on the deepening of their mutual relations, the improvements of security and the development of cooperation in Europe and the development of the process of détente in the future.

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[1] Source: Department of State *Bulletin*, March 1989, pp. 21–26. For texts of the accompanying 10 documents and 11 annexes, see *ibid.*, pp. 26–50. Secretary Shultz visited Vienna January 16–18 to represent the United States at the CSCE Conference.

[2] For text of the Helsinki Final Act, August 1, 1975, see *ibid.*, September 1, 1975, pp. 323–350.

During this exchange of views the participating States examined thoroughly and in detail the implementation of the Final Act and of the Madrid Concluding Document. Different and at times contradictory opinions were expressed about the extent of the realization of these commitments. While encouraging developments were noted in many areas, the participants criticized the continuing serious deficiencies in the implementation of these documents.

An open and frank discussion was held about the application of and respect for the principles of the Final Act. Concern was expressed about serious violations of a number of these principles. In particular, questions relating to respect for human rights and fundamental freedoms were the focus of intensive and controversial discussion. The participating States agreed that full respect for the principles, in all their aspects, is essential for the improvement of their mutual relations.

The implementation of the provisions of the Final Act concerning confidence-building measures, co-operation in the field of economics, of science and technology and of environment, concerning questions relating to security and cooperation in the Mediterranean as well as concerning cooperation in humanitarian and other fields was discussed. The implementation of the provisions of the Madrid Concluding Document and of other CSCE documents was also discussed. It was considered that the numerous possibilities offered by the Final Act had not been sufficiently utilized.

The participating States also expressed concern about the spread of terrorism and condemned it unreservedly.

The discussion reflected the broader context of the CSCE process and confirmed the importance of taking into account its world dimension in implementing the provisions of the Final Act.

In their deliberations the representatives of the participating States took into account the results of

—the Stockholm Conference on Confidence- and Security-Building Measures and Disarmament in Europe;[4]

—the Athens Meeting of Experts in order to pursue the examination and elaboration of a generally acceptable method for the peaceful settlement of disputes aimed at complementing existing methods;[5]

—the Venice Seminar on Economic, Scientific and Cultural Co-operation in the Mediterranean;[6]

—the Ottawa Meeting of Experts on Questions concerning Respect, in their States, for Human Rights and Fundamental Freedoms, in all their Aspects, as embodied in the Final Act;[7]

—the Budapest "Cultural Forum";[8]

—the Bern Meeting of Experts on Human Contacts.[9]

The participating States moreover noted that the tenth anniversary of the signing of the Final Act had been commemorated at Helsinki on 1 August 1985.

The participating States reaffirmed their commitment to the continuation of the CSCE process as agreed to in the chapter on the Follow-up to the Conference contained in the Final Act. Recognizing the need for balanced progress in all sections of the Final Act, they expressed their determination also to benefit from new opportunities for their cooperation and reached corresponding decisions concerning follow-up activities.

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[3] For text of the Madrid Concluding Document, September 9, 1983, see *ibid.*, October 1983, pp. 53–60.

[4] For documentation on the Stockholm Conference on Confidence- and Security-Building Measures and Disarmament in Europe, January 17, 1984–September 22, 1986, including text of the Stockholm Final Document of September 22, 1986, see *American Foreign Policy: Current Documents, 1984*, pp. 333–336; *ibid., 1985*, pp. 331–334, 338–340, 347–348; and *ibid., 1986*, pp. 256–267.

[5] This meeting was held March 21–April 30, 1984.

[6] This seminar was held October 16–26, 1984

[7] For texts of U.S. statements at the Ottawa Meeting, May 7–June 17, 1985, see *American Foreign Policy: Current Documents, 1985*, pp. 234–325 and 336–337.

[8] For text of U.S. statement at the Budapest Cultural Forum, October 15–November 25, 1985, see *ibid.*, pp. 347–348.

[9] This meeting was held April 25–May 27, 1986.

The representatives of the participating States examined all the proposals submitted to the Meeting and agreed on the following:

The participating States express their determination

—to build on the current positive developments in their relations in order to make détente a viable, comprehensive and genuine process, universal in scope;

—to assume their responsibility fully to implement the commitments contained in the Final Act and other CSCE documents;

—to intensify their efforts to seek solutions to problems burdening their relations and to strengthen safeguards for international peace and security;

—to promote cooperation and dialogue among them, to ensure the effective exercise of human rights and fundamental freedoms and to facilitate contacts and communication between people;

—to exert new efforts to make further progress to strengthen confidence and security and to promote disarmament.

Principles

1. The participating States reaffirm their commitment to all ten principles of the Final Act's Declaration on Principles Guiding Relations between Participating States and their determination to respect them and put them into practice. The participating States reaffirm that all these Principles are of primary significance and, accordingly, will be equally and unreservedly applied, each of them being interpreted taking into account the others.

2. They stress that respect for and full application of these principles, as well as strict compliance with all CSCE commitments deriving from them, are of great political importance and essential for building confidence and security as well as for the devleopment of their friendly relations and of their cooperation in all fields.

3. In this context, they confirm that they will respect each other's right freely to choose and develop their political, social, economic and cultural systems as well as their right to determine their laws, regulations, practices and policies. In exercising these rights, they will ensure that their laws, regulations, practices and policies conform with their obligations under international law and are brought into harmony with the provisions of the Declaration on Principles and other CSCE commitments.

4. They also confirm that, by virtue of the principle of equal rights and self-determination of peoples and in conformity with the relevant provisions of the Final Act, all peoples always have the right, in full freedom, to determine, when and as they wish, their internal and external political status, without external interference, and to pursue as they wish their political, economic, social and cultural development.

5. They confirm their commitment strictly and effectively to observe the principle of the territorial integrity of States. They will refrain from any violation of this principle and thus from any action aimed by direct or indirect means, in contravention of the purposes and principles of the Charter of the United Nations, other obligations under international law or the provisions of the Final Act, at violating the territorial integrity, political independence or the unity of a State. No actions or situations in contravention of this principle will be recognized as legal by the participating States.

6. The participating States confirm their commitment to the principle of peaceful settlement of disputes, convinced that it is an essential complement to the duty of States to refrain from the threat or use of force, both being essential factors for the maintenance and consolidation of peace and security. They express their determination to pursue continuous efforts to examine and elaborate, on the basis of the relevant provisions of the Final Act and the Madrid Concluding Document, and taking into account the reports of the meetings of experts in Montreux and Athens, a generally acceptable method for the peaceful settlement of disputes aimed at complementing existing methods. In this context they accept, in principle, the mandatory involvement of a third party when a dispute cannot be settled by other peaceful means.

7. In order to ensure the progressive implementation of this commitment, including, as a first step, the mandatory involve-

ment of a third party in the settlement of certain categories of disputes, they decide to convene a Meeting of Experts in Valletta from 15 January to 8 February 1991 to establish a list of such categories and the related procedures and mechanisms. This list would be subject to subsequent gradual extension. The Meeting will also consider the possibility of establishing mechanisms for arriving at binding third-party decisions. The next CSCE Follow-up Meeting will assess the progress achieved at the Meeting of Experts. The agenda, timetable and other organizational modalities were set out in Annex I.

8. The participating States unreservedly condemn, as criminal, all acts, methods and practices of terrorism, wherever and by whomever committed, including those which jeopardize friendly relations among States and their security, and agree that terrorism cannot be justified under any circumstances.

9. They express their determination to work for the eradication of terrorism both bilaterally and through multilateral co-operation, particularly in such international fora as the United Nations, the International Civil Aviation Organization and the International Maritime Organization and in accordance with the relevant provisions of the Final Act and the Madrid Concluding Document.

10. Convinced of the need to combine measures at a national level with reinforced international cooperation, the participating States express their intention

10.1—to pursue a policy of firmness in response to terrorist demands;

10.2—to reinforce and develop bilateral and multilateral co-operation among themselves in order to prevent and combat terrorism as well as to increase efficiency in existing co-operation at the bilateral level or in the framework of groups of States, including, as appropriate, through the exchange of information.

10.3—to prevent on their territories illegal activities of persons, groups or organizations that instigate, organize or engage in the perpetuation of acts of terrorism or subversive or other activities directed towards the violent overthrow of the regime of another participating State;

10.4—to take effective measures for the prevention and suppression of acts of terrorism directed at diplomatic or consular representatives and against terrorism involving violations of the Vienna Conventions on Diplomatic and Consular Relations, in particular their provisions relating to diplomatic and consular privileges and immunities;

10.5—to ensure the extradition or prosecution of persons implicated in terrorist acts and to cooperate closely in cases of conflict of jurisdiction where several States are concerned, acting in both respects in accordance with the relevant international agreements;

10.6—to consider becoming parties, if they have not yet done so, to the relevant international conventions relating to the suppression of acts of terrorism;

10.7—to continue to work in the appropriate international bodies in order to improve and extend measures against terrorism and to ensure that the relevant agreements are accepted and acted upon by as many States as possible.

11. They confirm that they will respect human rights and fundamental freedoms, including the freedom of thought, conscience, religion or belief, for all without distinction as to race, sex, language or religion. They also confirm the universal significance of human rights and fundamental freedoms, respect for which is an essential factor for the peace, justice and security necessary to ensure the development of friendly relations and co-operation among themselves, as among all States.

12. They express their determination to guarantee the effective exercise of human rights and fundamental freedoms, all of which derive from the inherent dignity of the human person and are essential for his free and full development. They recognize that civil, political, economic, social, cultural and other rights and freedoms are all of paramount importance and must be fully realized by all appropriate means.

13. In this context they will

13.1—develop their laws, regulations and policies in the field of civil, political, economic, social, cultural and other human rights and fundamental freedoms and put them into practice in order to guarantee the effective exercise of these rights and freedoms;

13.2—consider acceding to the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Optional Protocol to the Covenant on Civil and Political Rights and other relevant international instruments, if they have not yet done so;

13.3—publish and disseminate the text of the Final Act, of the Madrid Concluding Document and of the present Document as well as those of any relevant international instruments in the field of human rights, in order to ensure the availability of these documents in their entirety, to make them known as widely as possible and to render them accessible to all individuals in their countries, in particular through public library systems;

13.4—effectively ensure the right of the individual to know and act upon his rights and duties in this field, and to that end publish and make accessible all laws, regulations and procedures relating to human rights and fundamental freedoms;

13.5—respect the right of their citizens to contribute actively, individually or in association with others, to the promotion and protection of human rights and fundamental freedoms;

13.6—encourage in schools and other educational institutions consideration of the promotion and protection of human rights and fundamental freedoms;

13.7—ensure human rights and fundamental freedoms to everyone within their territory and subject to their jurisdiction, without distinction of any kind such as race, colour, sex, language, religion, political origin, property, birth or other status;

13.8—ensure that no individual exercising, expressing the intention to exercise or seeking to exercise these rights and freedoms, or any member of his family, will as a consequence be discriminated against in any manner;

13.9—ensure that effective remedies as well as full information about them are available to those who claim that their human rights and fundamental freedoms have been violated; they will, *inter alia*, effectively apply the following remedies:

—the right of the individual to appeal to executive, legislative, judicial or administrative organs;

—the right to a fair and public hearing within a reasonable time before an independent and impartial tribunal, including the right to present legal arguments and to be represented by legal counsel of one's choice;

—the right to be promptly and officially informed of the decision taken on any appeal, including the legal grounds on which this decision was based. This information will be provided as a rule in writing and, in any event, in a way that will enable the individual to make effective use of further available remedies.

14. The participating States recognize that the promotion of economic, social, cultural rights as well as of civil and political rights is of paramount importance for human dignity and for the attainment of the legitimate aspirations of every individual. They will therefore continue their efforts with a view to achieving progressively the full realization of economic, social and cultural rights by all appropriate means, including in particular by the adoption of legislative measures.

In this context they will pay special attention to problems in the areas of employment, housing, social security, health, education and culture. They will promote constant progress in the realization of all rights and freedoms within their countries, as well as in the development of their relations among themselves and with other States, so that everyone will actually enjoy to the full his economic, social and cultural rights as well as his civil and political rights.

15. The participating States confirm their determination to ensure equal rights of men and women. Accordingly, they will take all measures necessary, including legislative measures, to promote equally effective participation of men and women in political, economic, social and cultural life. They will consider the possibility of acceding to the Convention on the Elimination of All Forms of Discrimination Against Women if they have not yet done so.

16. In order to ensure the freedom of the individual to profess and practice religion or belief the participating States will, *inter alia*,

16.1—take effective measures to prevent and eliminate discrimination against individuals or communities, on the grounds of religion or belief in the recognition, exercise and enjoyment of human rights and fundamental freedoms in all fields of civil, political, economic, social and cultural life, and ensure the effective equality between believers and non-believers;

16.2—foster a climate of mutual tolerance and respect between believers of different communities as well as between believers and non-believers;

16.3—grant upon their request to communities of believers, practising or prepared to practise their faith within the constitutional framework of their States, recognition of the status provided from them in their respective countries;

16.4—respect the right of religious communities to

—establish and maintain freely accessible places of worship or assembly;

—organize themselves according to their own hierarchical and institutional structure;

—select, appoint and replace their personnel in accordance with their respective requirements and standards as well as with any freely accepted arrangement between them and their State;

—solicit and receive voluntary financial and other contributions;

16.5—engage in consultations with religious faiths, institutions and organizations in order to achieve a better understanding of the requirements of religious freedom;

16.6—respect the right of everyone to give and receive religious education in the language of his choice, individually or in association with others;

16.7—in this context respect, *inter alia*, the liberty of parents to ensure the religious and moral education of their children in conformity with their own convictions;

16.8—allow the training of religious personnel in appropriate institutions;

16.9—respect the right of individual believers and communities of believers to acquire, possess and use sacred books, religious publications in the language of their choice and other articles and materials related to the practice of religion or belief;

16.10—to allow religious faiths, institutions and organizations to produce and import and dissseminate religious publications and materials;

16.11—favorably consider the interest of religious communities in participating in public dialogue, through mass media.

17. The participating States recognize that the exercise of the above mentioned rights relating to the freedom of religion or belief may be subject only to such limitations as are provided by law and consistent with their obligations under international law and with their international commitments. They will ensure in their laws and regulations and in their application the full and effective implementation of the freedom of thought, conscience, religion or belief.

18. The participating States will exert sustained efforts to implement the provisions of the Final Act and of the Madrid Concluding Document pertaining to national minorities. They will take all the necessary legislative, administrative, judicial and other measures and apply the relevant international instruments by which they may be bound, to ensure the protection of human rights and fundamental freedoms of persons belonging to national minorities within their territory. They will refrain from any discrimination against such persons and contribute to the realization of their legitimate interests and aspirations in the field of human rights and fundamental freedoms.

19. They will protect and create conditions for the promotion of the ethnic, cultural, linguistic and religious identity of national minorities on their territory. They will respect the free exercise of rights by persons belonging to such minorities and ensure their full equality with others.

20. The participating States will respect fully the right of everyone

—to freedom of movement and residence within the borders of each State, and

—to leave any country, including his own, and to return to his country.

21. The participating States will ensure that the exercise of the above mentioned rights shall not be subject to any restrictions except to those which are provided by law and consistent with their obligations under international, in particular the International Covenant on Civil and Political Rights and their international commitments, in particular the Universal Declaration of Human Rights. These restrictions have the character of exceptions. The participating States will ensure that these restrictions are not abused and are not applied in an arbitrary manner, but in such a way that the effective exercise of these rights is ensured.

22. In this context they will allow all refugees who so desire to return in safety to their homes.

23. The participating States will

23.1—ensure that no one shall be subjected to arbitrary arrest, detention or exile;

23.2—ensure that all individuals in detention or incarceration will be treated with humanity and with respect for the inherent dignity of the human person;

23.3—observe the UN Standard Minimum Rules for the Treatment of Prisoners as well as the UN Code of Conduct for Law Enforcement Officials;

23.4—prohibit torture and other cruel, inhuman or degrading treatment or punishment and take effective legislative, administrative, judicial and other measures to prevent and punish such practices;

23.5—consider acceding to the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, if they have not yet done so;

23.6—protect individuals from any psychiatric or other medical practices that violate human rights and fundamental freedoms and take effective measures to prevent and punish such practices.

24. With regard to the question of capital punishment, the participating States note that capital punishment has been abolished in a number of them. In participating States where capital punishment has not been abolished, sentence of death may be imposed only for the most serious crimes in accordance with the law in force at the time of the commission of the crime and not contrary to their international commitments. This question will be kept under consideration. In this context, the participating States will co-operate within relevant international organizations.

25. With the aim of developing mutual understanding and confidence, promoting friendly and good neighbourly relations, strengthening international peace, security and justice and of improving the implementation of their CSCE commitments, the participating States will further develop co-operation and promote dialogue between them in all fields and at all levels on the basis of full equality. They agree that full respect for and application of the Principles and the fulfillment of the other CSCE provisions will improve their relations and advance the development of their co-operation. They will refrain from any action inconsistent with the provisions of the Final Act and other CSCE documents and recognize that any such action would impair relations between them and hinder the development of co-operation among them.

26. They confirm that governments, institutions, organizations and persons have a relevant and positive role to play in contributing to the achievement of the aims of their co-operation and to the full realization of the Final Act. To that end they will respect the right of persons to observe and promote the implementaiton of CSCE provisions and to associate with others for this purpose. They will facilitate direct contacts and communication among these persons, organizations and institutions within and between participating States and remove, where they exist, legal and administrative impediments inconsistent with the CSCE provisions. They will also take effective measures to facilitate access to information on the implementation of CSCE provisions and to facilitate the free expression of views on these matters.

27. The participating States heard accounts of the Meeting of Experts on questions concerning respect, in their States, for human rights and fundamental freedoms, in all their aspects, as embodied in the Final Act, held in Ottawa from 7 May to 17 June 1985. They welcomed the fact that frank discussions had taken place of matters of key concern. Noting that these discussions had not led to agreed conclusions, they agreed that such thorough exchanges of views themselves constitute a valuable contribution to the CSCE process.

In this respect it was noted in particular that proposals made at the meeting had received further consideration at the Vienna Follow-up Meeting. They also welcomed the decision to allow public access to part of the meeting and noted that this principle was further developed at later meetings.

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117. Vienna's Legacy of Openness and "Our New Beginning"

Address by Secretary of State Shultz Before the Conference on Security and Co-operation in Europe, Vienna, January 17, 1989 (Extracts)[10]

Today, the Vienna conference is added to the series of meetings that began with Helsinki. At Helsinki our governments first pledged to honor commitments to each other and toward our peoples—commitments aimed at creating an ever more free, prosperous, and secure Europe. Fortunately for us all, our citizens—through times of tension, discord, and disappointment—have held fast to the brighter vision of the future promised in Helsinki. And by doing so, they have turned that promise into a positive force for change. This process has helped to shape Europe's future.

The document[11] that we have adopted here in Vienna gives the most complete expression to date of the principles set forth in Helsinki. It adds a new dimension to what President Reagan called in his speech in Finlandia Hall[12] last spring "a map through the wilderness of mutual hostility." Yet there is still a great distance to go. CSCE can succeed only if we deal with the realities that have brought us to Helsinki and Belgrade and Madrid and Vienna.

We are still living with the legacy of the cold war. It was no mirage. It was the product of attempts to impose political systems on the peoples of Eastern Europe by force; to close borders; to close economies; to restrict the flow of information; to deny freedom of choice. The results of these policies are still with us: the social and political division of Europe, the militarization of East-West relations, the pursuit of two dramatically different economic models, and the emergence of two fundamentally distinct kinds of political and social organization—one in which the citizen is dominated by the state, the other in which the citizen defines and guides state power.

Yet the world is entering a period of great promise, one in which we can lessen the dangers of war through an end to expansionism and by processes of arms reduction and control; one of opportunity for those countries prepared to support and expand an open international economic system; one in which international cooperation is essential to tackle common threats, such as the spread of chemical weapons, terrorism, and narcotics trafficking. And most important, we are entering a period in which respect for human rights is gaining ground—in which it is becoming clear to all that the preeminence of the individual and respect for his fundamental freedoms are the hallmarks of successful societies.

The way forward in East-West relations is through deeds not words, performance not promises. That is why, from the outset, the United States has stressed in CSCE the central importance of implementation. And if the implementation is at the heart of the whole Helsinki process, then openness is its lifeblood.

The European Continent, across its length and breadth, is much more open today than it was when we first assembled in Vienna in November 1986. In the 2 years of the Vienna meeting, the picture in the Soviet Union and some countries of Eastern Europe has brightened in significant respects. But dark areas remain where the light of openness has yet to reach.

. . . .

We have a long way to go to achieve real peace in Europe—a lasting peace based on the rights of man, the rule of law, and the integrity of free and self-determining states. It is a challenge to us to go that distance. What we have done here in Vienna shows that we want and intend to meet that challenge. The comprehensive human rights agenda recognized at Vienna is a major aspect of our new beginning.

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[10] Source: Department of State *Bulletin*, March 1989, pp. 50-52.

[11] *Supra.*

[12] For text of President Reagan's address, May 27, 1988, see *American Foreign Policy: Current Documents, 1988*, pp. 256–258.

Vienna marks another new beginning as well—the beginning of major conventional arms control negotiations. In a few weeks, the 35-nation follow-on negotiation on confidence- and security-building measures will extend the work of the Stockholm conference, which pioneered the concept of openness in the military sphere. Also 23 of our states will launch an autonomous negotiation in the framework of the CSCE process aimed at achieving stability in conventional armed forces in Europe.

Between Vienna and Helsinki in 1992, there will be a number of meetings which can illuminate areas of East-West cooperation—or continuing difficulty: information, economics, the environment, the Mediterranean, culture, peaceful settlement of disputes, and—most important—human rights. The Vienna meeting has created a mechanism permitting any country to raise any human rights issue with any other country at any time. This mechanism, coupled with the Paris, Copenhagen, and Moscow meetings, will give us a continuous process of human rights review.

Moreover, the Helsinki process will continue to play an important part in reflecting and shaping the European condition. Individual initiative, ingenuity, the free flow of information, ideas, and people are the qualities that best equip nations to meet the challenges and opportunities of the future. These are the ideals of the Helsinki Final Act. The success of the Helsinki process will be measured by how well those ideals are woven into the fabric of international life.

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118. "Our Purpose Is To Improve the Security of Europe"

Address by Secretary of State Baker Before the Ministerial Meeting on Confidence- and Security-Building Measures and Conventional Armed Forces in Europe, Vienna, March 6, 1989[15]

We meet here today in a historic setting. Vienna, of course, is a living monument to the creativity of Western culture. This city is also a crossroads of civilization. It reminds us that Europe and the achievements of Europe have always gone beyond the limits of geography to influence the wider world.

But Vienna also bears witness to vanished hopes. Negotiations and agreements intended to bring enduring peace to Europe have been discarded too often in war. Too often the lack of security in Europe has meant a lack of security for the entire world. That is why we are meeting here to negotiate. Our purpose is to improve the security of Europe, thereby also strengthening the foundations of world peace.

I believe that we need a larger perspective, a common vision of where we are headed and why, if we are to succeed.

After the Second World War, Europe and the world were confronted by two distinctly opposing views. The United States and its allies in Western Europe held the vision of free peoples, living under the rule of the law, their individual freedoms protected, and their democratic governments responsible to those people.

We believed, and we continue to believe, that freedom of speech and of religion, freedom from fear, and freedom of opportunity were and are the natural rights of free men everywhere. We were certain, and we continue to be certain, that free markets and individual initiatives are the surest routes to social and economic progress.

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[15] Source: Department of State *Bulletin*, May 1989, pp. 56–59. Secretary Baker visited Vienna March 4–7 to address the ministerial meeting which signaled the opening of two new security negotiations in Europe: talks on confidence- and security-building measures (CSBMs) and separate talks on conventional armed forces in Europe (CFE).

We sought, and we continue to seek, our security in a coalition of free nations drawn together by common values, not only mutual interests. And we envisioned then, as we envision now, a Europe at peace—its nations free to develop in diversity but united against war.

Our vision was not the only vision. There was another view opposed to the values most cherished by the West. And the competition between the two visions gave us the difficult legacy with which we live today: a Europe, forcibly divided against the will of its peoples; a Europe, the most heavily armed continent in the world.

Now, as we approach the end of this decade, new horizons are beckoning, horizons that offer us the opportunity to go beyond the conflicts of the past. The other vision is changing. It is changing because we in the West have been faithful to our own vision. And it is changing because realism has begun to triumph in the Soviet Union.

Perestroika, glasnost, and democratization are the slogans of the "new thinking." There are encouraging developments in human rights and in the emphasis upon the rule of law. Economies once rigidly fixed in the grip of centralized control are being loosened, and a role for individual initiative has been decreed. Recently, General Secretary Gorbachev has declared, "World politics, too, should be guided by the primacy of universal human values." The rhetoric of Soviet foreign policy is being reshaped with less emphasis on the use of force; Minister Shevardnadze affirmed that again today, and that's very good.

No one can foretell where this process will lead or even whether it will endure. Yet we cannot deny the reality of what is actually happening in Europe today. Dostoevsky, in his novel *The Possessed,* wrote that "The fire is in the minds of men, not in the roofs of buildings." The revolutionary changes in that part of Europe still behind a rusting iron curtain are changes above all in the minds of men, in their vision of the future. People want freedom: freedom of the mind; freedom in the home; freedom in the workplace; and free governments. And these freedoms will heal the wounds inflicted by stagnation and tyranny.

I propose that we dedicate ourselves to creating a new Europe—a Europe based on these freedoms:

—The freedom of all Europeans to have a say in decisions which affect their lives, including freedom of the workplace. The legality of Solidarity, for example, should really be the norm and not the subject for negotiations.

—The freedom of all Europeans to express their political differences, when all ideas are welcome and human rights are truly inviolable. Monitors of the Helsinki agreements, for example, should be honored and not hunted by their governments.

—The freedom of all Europeans to exchange ideas and information and to exercise their right to freedom of movement. The researcher in Prague, for example, should be able to find the books he needs. Barbed wire should not separate cousins in Hamburg from cousins in Dresden. And a wall should not divide Berlin, continuing, as we've seen just in the past month, to cost the lives of people seeking freedom.

—Finally, the freedom of all Europeans to be safe from military intimidation or attack. Those in the West should be free of the fear that the massive forces under Soviet command might invade them. Those in the East should be free of the fear that armed Soviet intervention, justified by the Brezhnev doctrine, would be used again to deny them choice.

"New thinking" and the Brezhnev doctrine are in fundamental conflict. We call today upon General Secretary Gorbachev to renounce the Brezhnev doctrine—beyond any shadow of a doubt. Let the "new thinking" sweep away this vestige from the era of stagnation.

These four freedoms are inseparable. They are the principles for the new Europe; they are the keys that open the door to the European house of the future. As the American President Abraham Lincoln said, "A house divided against itself cannot stand." A continent divided by a wall cannot be secure. A secure and prosperous Europe can never be built on the basis of artificial barriers, fear, and the denial of independence.

I am happy to report that we have made some progress toward realizing the new Europe of the freedoms—progress upon which we all can build. The Conference on Security and Cooperation in Europe—through the Helsinki, Madrid, Stockholm, and now the Vienna documents—has defined ever more precisely the obligations of states. We have emphasized a new freedom for individuals and the expanded concept of openness and confidence-building measures in the field of security. We support this process. The Helsinki Final Act embodies our vision of Europe. And NATO's security dimension has always had the prevention of war as its only purpose.

Economic change is also a marked feature of the new Europe. The creation of a single market by 1992, looking outward to benefit all who wish to trade, would surely fulfill the hopes of those postwar visionaries who rightfully saw economic union as a buttress of peace and freedom. Centralized economies are slowly divesting the straitjacket of outmoded Marxist-Leninist theories. And the desire for increased commercial contact is strong and growing ever stronger. There is also a genuine possibility for all industrialized nations, both East and West, to work together on newly recognized transnational problems.

Dangers to our environment, for example, risk the most fundamental security of all the Earth's citizens. Just last week, to protect the globe's ozone layer, the European Community and the United States decided to end the use of all chlorofluorocarbons by the year 2000, assuming adequate substitutes can be found—as we believe they can. We hope the Soviet Union will consider joining us in the spirit of "new thinking."

This is progress. But while the old era apparently recedes before the horizons of the new Europe, those horizons are still too distant. The arms and the armies still face each other. An iron curtain still divides this continent. Too many governments have followed their solemn signature on human rights pledges with violent suppression of dissent.

And so, as we eye the horizon, important questions remain unanswered. Will the new rhetoric be translated into new actions, or will we see a repetition of the past—of hopes disappointed once more?

Will East and West, together, be able to dismantle the barriers thrown up by the old era of competing visions? Will these barriers finally be removed: will the Berlin Wall and the barbed wire and the watch towers finally be relegated to history? Will the Soviet Union demilitarize its foreign policy in Europe; will it cease to threaten democracy's house with tens of thousands of tanks?

I was encouraged by what Minister Shevardnadze said earlier today as he spoke of far-reaching reductions. In recent years, we have seen reasons to be hopeful about the new Soviet thinking. But both realism and prudence require that we test the new thinking to make sure that it means new policy and, above all, changes in military deployments. We have sought to discover whether East and West could take steps together—irreversible steps—that lead toward the Europe of the freedoms. And we have also sought to reduce the level of military confrontation.

Here, too, there is progress to report. Responding to an American proposal, the Soviet Union joined the United States in achieving an intermediate-range nuclear forces treaty that provides for the elimination of an entire class of nuclear-capable missiles. The treaty contains important precedents, especially in the areas of verification and asymmetrical reductions to equality. We have also made encouraging progress in the START talks toward reducing strategic forces. And we look forward, once our review is completed, to further steps on the road toward arms reduction and arms control.

President Bush has declared that the control and elimination of chemical weapons is a high priority for the United States. Since 1984, when he tabled a draft treaty to eliminate chemical weapons from the face of the Earth on an effectively verifiable basis,[14] the United States has exercised leadership in the Geneva negotiations. We will continue to be at the forefront of these efforts in the future as well. However, until we eliminate these weapons in a verifiable way, the United States will maintain a minimal chemical deterrent.

Recently, we were gratified by the response to President Reagan's call for a conference on the use of chemical weapons[15]—and the success of that conference under the leadership of the Government of France.[16] Clearly, some nations are ready for action.

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[14] For text of Vice President Bush's address of April 18, 1984, before the Conference on Disarmament in Geneva, see *American Foreign Policy: Current Documents, 1984*, pp. 93–98.

The United States is prepared to lead in dealing with this problem. And so I am happy to announce that as one of his first acts, President Bush has directed our new administration to explore ways to accelerate the removal of our existing chemical weapons from Germany. The early removal of these weapons will require available safe storage and the development of practical plans to destroy them.

But unilateral action is not enough. The Soviet Union has enormous stocks of chemical weapons threatening Europe. We, therefore, call on the Soviets to join us, to accelerate the destruction of their enormous stockpile of these frightening weapons.

Finally, we must address the threat of chemical weapons proliferation. We can build on our recent success in Paris. We propose that we bring together governments and representatives of the international chemical industry. We have been discussing with Australia the general question of proliferation and the importance of holding such a conference. For a number of years, Australia has played a leading role internationally in trying to prevent the spread of chemical weapons, including as leader of the Australia group of Western chemical-producing states. I am pleased to tell you, therefore, that the Government of Australia has agreed to take the initiative in organizing such a conference.

Its purpose will be to discuss the growing problem of the movement of chemical weapons precursors and technology in international commerce. We hope to establish better means of communication about this deadly trade.

Progress on nuclear arms control and chemical weapons, however, is not sufficient. We shall never be able to set East-West relations on an irreversible course toward enduring improvement unless we deal with the huge conventional military imbalances in Europe. We can define the issue simply: a vast force, spearheaded by heavily armored units and supported by massive firepower, has been fielded by the Soviet Union and its allies. That force points West.

We in the West have faced this threat since the dawn of the cold war. Today, Soviet and Warsaw Pact military forces go far beyond those conceivably needed for defense. Warsaw Pact tanks outnumber NATO tanks by over 3-to-1, Warsaw Pact artillery exceeds NATO's artillery by 3-to-1, and the Warsaw Pact holds more than a 2-to-1 advantage over NATO's armored troop carriers.

These ratios speak for themselves. And as NATO has pointed out, these are forces best suited to an invasion of Western Europe.

It is this array of Soviet armed might that divides Europe against its will and holds European hopes hostage to possibly hostile Soviet intentions.

Lately, we have heard that Soviet military doctrine is changing to meet a standard called "reasonable sufficiency." And in December at the United Nations, General Secretary Gorbachev declared the Soviet intention to withdraw 50,000 men, 5,000 tanks, and other selected equipment from certain areas of Eastern Europe. Several East European governments have also announced unilateral force reductions.

That's a start, a very good start. It's a very hopeful start, and, of course, we are watching to see the words become deeds. And equally clear is the necessity to go further. Even after these reductions the Warsaw Pact would retain a 2-to-1 edge in tanks and artillery. The Warsaw Pact's conventional military preponderance especially in the spearheads of attack, is, in fact, what makes an invasion possible.

These are hard facts. These are the facts that have to be changed if our negotiations are to be successful and if the foundations of a new Europe are to endure. The arms control process must now be focused strongly on this East-West imbalance.

The United States, together with the other Western participants in these talks, has developed serious proposals to end disparities in conventional ground forces and to introduce far-reaching confidence-building and stabilizing measures.

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[15] For text of President Reagan's speech to the U.N. General Assembly, September 26, 1988, see *Weekly Compilation of Presidential Documents,* October 2, 1988, pp. 1209–1210.

[16] The Conference on the Prohibition of Chemical Weapons was held January 7–11; see Documents 18–20.

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Our approach focuses on the achievement of significant reductions in key military capabilities that are designed for invasion. For example, we propose an overall limit on the total armament in Europe and that no more than 40,000 tanks should be deployed by the 23 participating states in the CFE negotiations. In addition Western participants are prepared to introduce new confidence-building measures in the near future, aimed at increasing transparency and reducing the possibility of surprise attack. Ultimately, of course, stability will be achieved when no country is able to dominate by force of arms.

Let me emphasize once more, however, that change in the military balance is only one part of the process. Only when the causes of the historic division of Europe have been removed, when we have achieved the free flow of people and information, when citizens everywhere enjoy free expression, only then will it be possible to eliminate totally the military confrontation. In other words, we cannot remove the symptoms, unless we deal fundamentally with the causes. I am encouraged that increasingly people from both East and West understand that relationship. We must all work to bring about far-reaching changes that end the division of this continent.

The United States is committed to working with reasonable men and women in all countries to achieve success. We approach the negotiations, which will begin a few days from now in these very halls, with a clear goal, solid principles, and well-defined objectives.

Our goal in these negotiations, as in all arms control negotiations, will be to prevent war—any war, nuclear or conventional—deter aggression, and increase stability at lower levels of armed forces. We shall judge every proposal not simply by the numbers of weapons reduced but by the impact on deterrence and stability.

To achieve this goal, we reaffirm the unity of purpose between the United States and its European allies. We have long recognized, as NATO Secretary General Manfred Woerner said, that "Europe needs America as America needs Europe. . . . Separate, we would become victims of world historical development; together we can determine the course of world history for the better."[17]

Our negotiating objectives are well defined.

First, as I mentioned earlier, the NATO allies have called for equal ceilings in key items of equipment at levels below current NATO forces. This would be the best step toward a secure Europe at lower level of arms.

Second, no state should possess capabilities designed primarily for invasion.

Third, a regime of mutual openness and transparency about military matters should be expanded which can foster confidence, clarify intentions, and thereby strengthen stability.

In addition, we hope that all states will adopt doctrines and force structures which faithfully reflect defensive intentions.

As these negotiations unfold, we and our allies will explore every opportunity for progress. The current force levels and force structures in Europe are not engraved in stone. They are the product of history, the results of conflict. And they can be changed.

If the past is any guide, however, we can expect many proposals that promise the perfection of disarmament if we would only abandon the pragmatism of deterrence. To paraphrase Winston Churchill, the counsel of perfection is admirable in a clergyman but impractical in a statesman. The opportunities are too precious to be squandered in sweeping but impractical proposals. Instead, let us do the work of peace carefully, progressing step by step and verifying each step.

I have spoken today of the new Europe, of the freedoms, of the new horizons beckoning to a continent divided 40 years ago because of a conflict of visions. As that conflict weakens, it may be possible to remove the old obstacles thrown up in Europe's path. That is our task. We must remove at last the conventional force imbalances and curtains of secrecy that have so long imperiled European security and, with it, world peace.

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[17] Ellipsis in the source text.

This essential step will not be easy. It will produce new challenges and perhaps some difficult moments. But we cannot desist from the task.

I have argued that a clearer understanding of the Europe of the future will ease the burden. Already, we can glimpse part of that horizon of a peaceful and prosperous Europe for which so many have sacrificed. Yet though it beckons, we know that nothing can be taken for granted. It falls to us to take the next step, if not the final one, on this journey.

Prophecy is God's gift to but a few, yet imagination is the birthright of every human being. We can but dimly see the future through the mists of change, yet we can all imagine the world we would like to see. That is the summons of our undertaking. Let us, therefore, go forward together to build that Europe we would like to see—a free, open, secure, and prosperous Europe; a whole Europe, ennobling by example all mankind.

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119. "A New Century Holds the Promise of a United Europe"

Address by President Bush, Boston, May 21, 1989 (Extract)[18]

. . . .

My sincerest congratulations go to every Boston University graduate and to all you proud parents cooking out along the 50-yard line there. And as Boston University graduates, you take with you a degree from a great institution, and something more: knowledge of the past and responsibility for the future. And take a look at our world today. Nations are undergoing changes so radical that the international system you know and will know in the future will be as different from today's as today's world is from the time of Woodrow Wilson. How will America prepare, then, for the challenges ahead?

It's with your future in mind that, after deliberation and a review, we are adapting our foreign policies to meet this challenge. I've outlined how we're going to try to promote reform in Eastern Europe[19] and how we're going to work with our friends in Latin America. In Texas, I spoke to another group of graduates of our new approach to the Soviet Union, one of moving beyond containment, to seek to integrate the Soviets into the community of nations, to help them share the rewards of international cooperation.[20]

But today I want to discuss the future of Europe, that mother of nations and ideas that is so much a part of America. And it is fitting that I share this forum with a very special friend of the United States. President Mitterrand, you have the warm affection and high regard of the American people. And I remember well about 8 years ago when you joined us in Yorktown in 1981[21] to celebrate the bicentennial of that first Franco-American fight for freedom. And soon I will join you in Paris, sir, to observe the 200th anniversary of the French struggle for liberty and equality. And this is just one example of the special bond between two continents. But consider this city. From the Old North Church to Paul Revere's home nestled in the warm heart of the Italian North End, to your famous song-filled Irish pubs, the Old and New Worlds are inseparable in this city. But as we look back to Old World tradition, we must look ahead to a new Europe. Historic changes will shape your careers and your very lives.

The changes that are occurring in Western Europe are less dramatic than those taking place in the East, but they are no less fundamental. The postwar order that began in 1945 is transforming into something very different. And yet certain essentials remain, because our alliance with Western Europe is utterly unlike the cynical power alliances of the past. It is based on far more than the perception of a common enemy; it is a tie of culture and kinship and shared values. And as we look toward the 21st century, Americans and Europeans alike should remember the words of Raymond Aron, who called the alliance a "moral and spiritual community." Our ideals are those of the American Bill of Rights and the French Declaration of the Rights of Man. And it is precisely because the ideals of this community are universal that the world is in ferment today.

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[18] Source: *Weekly Compilation of Presidential Documents*, May 29, 1989, pp. 747–749. The President gave the commencement address at Boston University at 12:33 p.m. at Nickerson Field. President Mitterrand, who was in the United States on an official visit May 20–21, also attended the ceremony. For text of the remarks made by President Bush at a joint news conference with Mitterrand after the ceremony, see Document 158.

[19] For text of the President's April 17 address, see Document 135.

[20] For text of the President's May 12 address, see Document 178.

[21] President Mitterrand visited the United States October 15–19, 1981, for the bicentennial celebration of the battle of Yorktown; see *American Foreign Policy: Current Documents, 1981*, pp. 523–526.

Now a new century holds the promise of a united Europe. And as you know, the nations of Western Europe are already moving toward greater economic integration, with the ambitious goal of a single European market in 1992. The United States has often declared it seeks a healing of old enmities, an integration of Europe. And at the same time, there has been an historical ambivalence on the part of some Americans toward a more united Europe. To this ambivalence has been added apprehension at the prospect of 1992. But whatever others may think, this administration is of one mind. We believe a strong, united Europe means a strong America.

Western Europe has a gross domestic product that is roughly equal to our own and a population that exceeds ours. European science leads the world in many fields, and European workers are highly educated and highly skilled. We are ready to develop with the European Community and its member states new mechanisms of consultation and cooperation on political and global issues from strengthening the forces of democracy in the Third World to managing regional tensions to putting an end to the division of Europe. A resurgent Western Europe is an economic magnet, drawing Eastern Europe closer toward the commonwealth of free nations. A more mature partnership with Western Europe will pose new challenges. There are certain to be clashes and controversies over economic issues. America will, of course, defend its interests. But it is important to distinguish adversaries from allies, and allies from adversaries. What a tragedy, what an absurdity it would be if future historians attribute the demise of the Western alliance to disputes over beef hormones and wars over pasta. We must all work hard to ensure that the Europe of 1992 will adopt the lower barriers of the modern international economy, not the high walls and the moats of medieval commerce.

But our hopes for the future rest ultimately on keeping the peace in Europe. Forty-two years ago, just across the Charles River, Secretary of State George Marshall gave a commencement address that outlined a plan to help Europe recover.[22] Western Europe responded heroically and later joined with us in a partnership for the common defense: a shield we call NATO. And this alliance has always been driven by a spirited debate over the best way to achieve peaceful change. But the deeper truth is that the alliance has achieved an historic peace because it is united by a fundamental purpose. Behind the NATO shield, Europe has now enjoyed 40 years free of conflict—40 years free of conflict—the longest period of peace the Continent has ever known. Behind this shield, the nations of Western Europe have risen from privation to prosperity, all because of the strength and resolve of free peoples.

With a Western Europe that is now coming together, we recognize that new forms of cooperation must be developed. We applaud the defense cooperation developing in the revitalized Western European Union, whose members worked with us to keep open the sealanes of the Persian Gulf. And we applaud the growing military cooperation between West Germany and France. And we welcome British and French programs to modernize their deterrent capability and their moves toward cooperation in this area. It is perfectly right and proper that Europeans increasingly see their defense cooperation as an investment in a secure future. But we do have a major concern of a different order: There's a growing complacency throughout the West.

And, of course, your generation can hardly be expected to share the grip of past anxieties. With such a long peace, it is hard to imagine how it could be otherwise. But our expectations in this rapidly changing world cannot race so far ahead that we forget what is at stake. There's a great irony here. While an ideological earthquake is shaking asunder the very Communist foundation, the West is being tested by complacency. We must never forget that twice in this century American blood has been shed over conflicts that began in Europe. And we share the fervent desire of Europeans to relegate war forever to the province of distant memory. But that is why the Atlantic alliance is so central to our foreign policy. And that's why America remains committed to the alliance and the strategy which has preserved freedom in Europe. We must never forget that to keep the peace in Europe is to keep the peace for America.

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[22] For text of Secretary Marshall's remarks at Harvard College, June 5, 1947, announcing the European Recovery Program later known as the Marshall Plan, see *A Decade of American Foreign Policy: Basic Documents, 1941–1949* (Washington, 1985), pp. 806–807.

NATO's policy of flexible response keeps the United States linked to Europe and lets any would-be aggressors know that they will be met with any level of force needed to repel their attack and frustrate their designs. And our short-range deterrent forces based in Europe, and kept up to date, demonstrate that America's vital interests are bound inextricably to Western Europe and that an attacker can never gamble on a test of strength with just our conventional forces. Though hope is now running high for a more peaceful continent, the history of this century teaches Americans and Europeans to remain prepared.

As we search for a peace that is enduring, I'm grateful for the steps that Mr. Gorbachev is taking. If the Soviets advance solid and constructive plans for peace, then we should give credit where credit is due. And we're seeing sweeping changes in the Soviet Union that show promise of enduring, of becoming ingrained. At the same time, in an era of extraordinary change, we have an obligation to temper optimism—and I am optimistic—with prudence. For example, the Soviet Foreign Minister informed the world last week that his nation's commitment to destroy SS–23 missiles under the recently enacted INF treaty may be reversible. And the Soviets must surely know the results of failure to comply with this solemn agreement. Perhaps their purpose was to divide the West on other issues that you're reading about in the papers today. But regardless, it is clear that Soviet "new thinking" has not yet totally overcome the old.

I believe in a deliberate step-by-step approach to East-West relations because recurring signs show that while change in the Soviet Union is dramatic, it's not yet complete. The Warsaw Pact retains a nearly 12-to-1 advantage over the Atlantic alliance in short-range missiles and rocket launchers capable of delivering nuclear weapons and more than a 2-to-1 advantage in battle tanks. And for that reason, we will also maintain, in cooperation with our allies, ground and air forces in Europe as long as they are wanted and needed to preserve the peace in Europe. At the same time, my administration will place a high and continuing priority on negotiating a less militarized Europe, one with a secure conventional force balance at lower levels of forces. Our aspiration is a real peace, a peace of shared optimism, not a peace of armed camps.

Nineteen-ninety-two is the 500th anniversary of the discovery of the New World, so we have five centuries to celebrate, nothing less than our very civilization—the American Bill of Rights and the French Rights of Man, the ancient and unwritten constitution of Great Britain, and the democratic visions of Konrad Adenauer and Alcide de Gasperi. And in all our celebrations, we observe one fact: This truly is a moral and spiritual community. It is our inheritance, and so, let us protect it. Let us promote it. Let us treasure it for our children, for Americans and Europeans yet unborn. We stand with France as part of a solid alliance. And once again, let me say how proud I am to have received this degree from this noble institution, and to have shared this platform with the President of the French Republic, François Mitterrand.

Thank you very, very much. *Vive la France* and long live the United States of America. Thank you very much.

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120. Conventional Arms Control Initiative

Statement by President Bush, Brussels, May 29, 1989[23]

I'll have a brief statement before taking some questions. This morning I met with the other NATO leaders and shared with them my views on the role of the North Atlantic alliance in a changing Europe. NATO, we all agree, is one of the great success stories, and it's guaranteed the peace in Europe, provided a shield for 40 years for freedom and prosperity. And now our alliance faces new challenges at a time of historic transition as we seek to overcome the division of Europe. I call it beyond containment.

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[23] Source: *Weekly Compilation of Presidential Documents*, June 5, 1989, pp. 782–783. President Bush made this statement at 12:24 p.m. at a question-and-answer session with reporters in the U.S. Mission Annex at NATO Headquarters.

And today I'm proposing a major initiative to help move us toward that momentous objective. If it were accepted, it would be a revolutionary conventional arms control agreement. I believe the alliance should act decisively now to take advantage of this extraordinary opportunity, and I urge that NATO adopt a 4-point proposal to bring the Vienna negotiations to a speedy conclusion.

First, lock in Eastern acceptance of the proposed Western ceilings on each side's holdings of tanks and armored troop carriers. Additionally, we would seek agreement on a similar ceiling for artillery, provided there's some definitional questions that have to be resolved there. But all of the equipment reduced would be destroyed.

We would then, number two, expand our current NATO proposal so that each side would reduce to 15 percent below current NATO levels in two additional categories: attack and assault, or transport helicopters and all land-based combat aircraft: All of the equipment reduced would be destroyed.

And third, propose a 20-percent cut in combat manpower in United States-stationed forces and a resulting ceiling in U.S. and Soviet ground and air forces stationed outside of national territory in the Atlantic-to-the-Urals zone at approximately 275,000 each. This manpower ceiling will require the Soviets to reduce their forces in Eastern Europe by about 325,000 people. Withdrawn soldiers and airmen on both sides would be demobilized.

And then, fourthly, accelerate the timetable for reaching a CFE agreement along these lines and implementing the required reductions. I believe that it should be possible to reach such agreement in 6 months or maybe a year and to accomplish the reductions by 1992 or 1993.

Now, if the Soviet Union accepts this fair offer, the results would dramatically increase stability on the continent and transform the military map of Europe. We can and must begin now to set out a new vision for Europe at the end of this century. This is a noble mission that I believe the alliance should be ready to undertake. And I have no doubt that we are up to the task.

And incidentally, in addition to these arms control proposals I mentioned in there, that we are prepared to change our no-exceptions policy on trade. And I called again for a ban on chemical weapons. And I would reiterate my support for our open skies proposal, and in the meeting it was discussed by the Prime Minister of Canada.

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121. NATO Summit: "The Alliance Has Been a Fundamental Element of Stability and Cooperation"

Declaration Issued by the Heads of State and Government of the North Atlantic Council, Brussels, May 30, 1989[24]

I

NATO'S 40 Years of Success

1. As our Alliance celebrates its 40th Anniversary, we measure its achievements with pride. Founded in troubled times to safeguard our security, it has withstood the test of four decades, and has allowed our countries to enjoy in freedom one of the longest periods of peace and prosperity in their history. The Alliance has been a fundamental element of stability and co-operation. These are the fruits of a partnership based on enduring common values and interests, and on unity of purpose.

2. Our meeting takes place at a juncture of unprecedented change and opportunities. This is a time to look ahead, to chart

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[24] Source: *NATO Review*, June 1989, pp. 28–31. President Bush joined the heads of state of the members of the North Atlantic Treaty Organization at the meeting of the North Atlantic Council in Brussels May 29–30. Secretary of State Baker also attended. President Bush and Secretary Baker also visited Italy and the Holy See, May 26–28; Belgium, May 28–30; West Germany, May 30–31; and the United Kingdom, May 31–June 2.

the course of our Alliance and to set our agenda for the future.

A Time of Change

3. In our rapidly changing world, where ideas transcend borders ever more easily, the strength and accomplishments of democracy and freedom are increasingly apparent. The inherent inability of oppressive systems to fulfil the aspirations of their citizens has become equally evident.

4. In the Soviet Union, important changes are underway. We welcome the current reforms that have already led to greater openness, improved respect for human rights, active participation of the individual, and new attitudes in foreign policy. But much remains to be done. We still look forward to the full implementation of the announced change in priorities in the allocation of economic resources from the military to the civilian sector. If sustained the reforms will strengthen prospects for fundamental improvements in East-West relations.

5. We also welcome the marked progress in some countries of Eastern Europe towards establishing more democratic institutions, freer elections and greater political pluralism and economic choice. However, we deplore the fact that certain Eastern European governments have chosen to ignore this reforming trend and continue all too frequently to violate human rights and basic freedoms.

Shaping the Future

6. Our vision of a just, humane and democratic world has always underpinned the policies of this Alliance. The changes that are now taking place are bringing us closer to the realisation of this vision.

7. We want to overcome the painful division of Europe, which we have never accepted. We want to move beyond the post-war period. Based on today's momentum of increased co-operation and tomorrow's common challenges, we seek to shape a new political order of peace in Europe. We will work as Allies to seize all opportunities to achieve this goal. But ultimate success does not depend on us alone.

Our guiding principles in the pursuit of this course will be the policies of the Harmel Report[25] in their two complementary and mutually reinforcing approaches: adequate military strength and political solidarity and, on that basis, the search for constructive dialogue and co-operation, including arms control, as a means of bringing about a just and lasting peaceful order in Europe.

8. The Alliance's long-term objectives are:

—to ensure that wars and intimidation of any kind in Europe and North America are prevented, and that military aggression is an option which no government could rationally contemplate or hope successfully to undertake, and by doing so to lay the foundations for a world where military forces exist solely to preserve the independence and territorial integrity of their countries, as has always been the case for the Allies;

—to establish a new pattern of relations between the countries of East and West, in which ideological and military antagonism will be replaced with co-operation, trust and peaceful competition; and in which human rights and political freedoms will be fully guaranteed and enjoyed by all individuals.

9. Within our larger responsibilities as Heads of State or Government, we are also committed

—to strive for an international community founded on the rule of law, where all nations join together to reduce world tensions, settle disputes peacefully, and search for solutions to those issues of universal concern, including poverty, social injustice and the environment, on which our common fate depends.

II

Maintaining our Defence

10. Peace must be worked for; it can never be taken for granted. The greatly improved East-West political climate offers prospects for a stable and lasting peace, but experience teaches us that we must remain prepared. We can overlook neither the capabilities of the Warsaw Treaty countries for offensive military action, nor

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[25] For text of the Harmel Report of 1967, see NATO Information Service, *Texts of Final Communiqués, 1949–1974* (Brussels, n.d.), pp. 198–202.

the potential hazards resulting from severe political strain and crisis.

11. A strong and united Alliance will remain fundamental not only for the security of our countries but also for our policy of supporting political change. It is the basis for further successful negotiations on arms control and on measures to strengthen mutual confidence through improved transparency and predictability. Military security and policies aimed at reducing tensions as well as resolving underlying political differences are not contradictory but complementary. Credible defence based on the principle of the indivisibility of security for all member countries will thus continue to be essential to our common endeavour.

12. For the foreseeable future, there is no alternative to the Alliance strategy for the prevention of war. This is a strategy of deterrence based upon an appropriate mix of adequate and effective nuclear and conventional forces which will continue to be kept up-to-date where necessary. We shall ensure the viability and credibility of these forces, while maintaining them at the lowest possible level consistent with our security requirements.

13. The presence of North American conventional and nuclear forces in Europe remains vital to the security of Europe just as Europe's security is vital to that of North America. Maintenance of this relationship requires that the Allies fulfil their essential commitments in support of the common defence. Each of our countries will accordingly assume its fair share of the risks, roles and responsibilities of the Atlantic partnership. Growing European political unity can lead to a reinforced European component of our common security effort and its efficiency. It will be essential to the success of these efforts to make the most effective use of resources made available for security. To this end, we will seek to maximise the efficiency of our defence programmes and pursue solutions to issues in the area of economic and trade policies as they affect our defence. We will also continue to protect our technological capabilities by effective export controls on essential strategic goods.

Initiatives on Arms Control

14. Arms Control has always been an integral part of the Alliance's security policy and of its overall approach to East-West relations, firmly embedded in the broader political context in which we seek the improvement of those relations.

15. The Allies have consistently taken the lead in developing the conceptual foundations for arms control, identifying areas in which the negotiating partners share an interest in achieving a mutually satisfactory result while safeguarding the legitimate security interests of all.

16. Historic progress has been made in recent years, and we now see prospects for further substantial advances. In our determined effort to reduce the excessive weight of the military factor in the East-West relationship and increasingly to replace confrontation by co-operation, we can now exploit fully the potential of arms control as an agent of change.

17. We challenge the members of the Warsaw Treaty Organization to join us in accelerating efforts to sign and implement an agreement which will enhance security and stability in Europe by reducing conventional armed forces. To seize the unique opportunity at hand, we intend to present a proposal that will amplify and expand on the position we tabled at the opening of the CFE negotiations on 9th March.[26] We will

—register agreement, based on the ceilings already proposed in Vienna, on tanks, armoured troop carriers and artillery pieces held by members of the two Alliances in Europe, with all of the withdrawn equipment to be destroyed. Ceilings on tanks and armoured troop carriers will be based on proposals already tabled in Vienna; definitional questions on artillery pieces remain to be resolved;

—expand our current proposal to include reductions by each side to equal ceilings at the level 15 per cent below current Alliance holdings of helicopters and of all land-based combat aircraft in the Atlantic-to-the-Urals zone, with all the withdrawn equipment to be destroyed;

—propose a 20 per cent cut in combat manpower in US stationed forces, and a resulting ceiling on US and Soviet ground and air force personnel stationed outside of national territory in the Atlantic-to-the-Urals zone at approximately 275,000. This ceiling would require the Soviet Union to reduce its forces in Eastern Europe by some 325,000. United States and Soviet forces withdrawn will be demobilized;

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[26] France takes this opportunity to recall that since the mandate for the Vienna negotiations excludes nuclear weapons, it retains complete freedom of judgment and decision regarding the resources contributing to the implementation of its independent nuclear deterrent strategy. [Footnote in the source text.]

—seek such an agreement within six months to a year and accomplish the reductions by 1992 or 1993. Accordingly, we have directed the Alliance's High Level Task Force on conventional arms control to complete the further elaboration of this proposal, including its verification elements, so that it may be tabled at the beginning of the third round of the CFE negotiations, which opens on 7th September 1989.

18. We consider as an important initiative President Bush's call for an "open skies" regime[27] intended to improve confidence among States through reconnaissance flights, and to contribute to the transparency of military activity, to arms control and to public awareness. It will be the subject of careful study and wide-ranging consultations.

19. Consistent with the principles and objectives set out in our Comprehensive Concept of Arms Control and Disarmament which we have adopted at this meeting,[28] we will continue to use arms control as a means to enhance security and stability at the lowest possible level of armed forces, and to strengthen confidence by further appropriate measures. We have already demonstrated our commitment to these objectives: both by negotiations and by unilateral action, resulting since 1979 in reductions of over one-third of the nuclear holdings assigned to SACEUR in Europe.

Towards an Enhanced Partnership

20. As the Alliance enters its fifth decade we will meet the challenge of shaping our relationship in a way which corresponds to the new political and economic realities of the 1990s. As we do so, we recognize that the basis of our security and prosperity—and of our hopes for better East-West relations—is and will continue to be the close cohesion between the countries of Europe and of North America, bound together by their common values and democratic institutions as much as by their shared security interests.

21. Ours is a living and developing partnership. The strength and stability derived from our transatlantic bond provide a firm foundation for the achievement of our long-term vision, as well as of our goals for the immediate future. We recognize that our common tasks transcend the resources of either Europe or North America alone.

22. We welcome in this regard the evolution of an increasingly strong and coherent European identity, including in the security area. The process we are witnessing today provides an example of progressive integration, leaving centuries-old conflicts far behind. It opens the way to a more mature and balanced transatlantic partnership and constitutes one of the foundations of Europe's future structure.

23. To ensure the continuing success of our efforts we have agreed to

—strengthen our process of political consultation and, where appropriate, coordination, and have instructed the Council in Permanent Session to consider methods for its further improvement;

—expand the scope and intensity of our effort to ensure that our respective approaches to problems affecting our common security are complementary and mutually supportive;

—renew our support for our economically less-favoured partners and to reaffirm our goal of improving the present level of co-operation and assistance;

—continue to work in the appropriate fora for more commercial, monetary and technological co-operation, and to see to it that no obstacles impede such co-operation.

Overcoming the Division of Europe

24. Now, more than ever, our efforts to overcome the division of Europe must address its underlying political causes. Therefore all of us will continue to pursue a comprehensive approach encompassing the many dimensions of the East-West agenda. In keeping with our values, we place primary emphasis on basic freedoms for the people in Eastern Europe. These are also key elements for strengthening the stability and security of all states and

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[27] See Document 178.

[28] *Infra.*

Document 121

for guaranteeing lasting peace on the continent.

25. The CSCE process encompasses our vision of a peaceful and more constructive relationship among all participating states. We intend to develop it further, in all its dimensions, and to make the fullest use of it.

We recognize progress in the implementation of CSCE commitments by some Eastern countries. But we call upon all of them to recognise and implement fully the commitments which all CSCE states have accepted. We will invoke the CSCE mechanisms as most recently adopted in the Vienna Concluding Document—and the provisions of other international agreements, to bring all Eastern countries to:

—enshrine in law and practice the human rights and freedoms agreed in international covenants and in the CSCE documents, thus fostering progress towards the rule of law;

—tear down the walls that separate us physically and politically, simplify the crossing of borders, increase the number of crossing points and allow the free exchange of persons, information and ideas;

—ensure that people are not prevented by armed force from crossing the frontiers and boundaries which we share with Eastern countries, in exercise of their right to leave any country, including their own;

—respect in law and practice the right of all the people in each country to determine freely and periodically the nature of the government they wish to have;

—see to it that their peoples can decide through their elected authorities what form of relations they wish to have with other countries;

—grant the genuine economic freedoms that are linked inherently to the rights of the individual;

—develop transparency, especially in military matters, in pursuit of greater mutual understanding and reassurance.

26. The situation in and around Berlin is an essential element in East-West relations. The Alliance declares its commitment to a free and prosperous Berlin and to achieving improvements for the city especially through the Allied Berlin Initiative. The Wall dividing the city is an unacceptable symbol of the division of Europe. We seek a state of peace in Europe in which the German people regains its unity through free self-determination.

Our Design for Co-operation

27. We, for our part, have today reaffirmed that the Alliance must and will reintensify its own efforts to overcome the division of Europe and to explore all available avenues of co-operation and dialogue. We support the opening of Eastern societies and encourage reforms that aim at positive political economic and human rights developments. Tangible steps towards genuine political and economic reform improve possibilities for broad co-operation, while a continuing denial of basic freedoms cannot but have a negative effect. Our approach recognizes that each country is unique and must be treated on its own merits. We also recognize that it is essentially incumbent upon the countries of the East to solve their problems by reforms from within. But we can also play a constructive role within the framework of our Alliance as well as in our respective bilateral relations and in international organizations, as appropriate.

28. To that end, we have agreed the following joint agenda for the future:

—as opportunities develop, we will expand the scope of our contacts and co-operation to cover a broad range of issues which are important to both East and West. Our goal is a sustained effort geared to specific tasks which will help deepen openness and promote democracy within Eastern countries and thus contribute to the establishment of a more stable peace in Europe;

—we will pursue in particular expanded contacts beyond the realm of government among individuals in East and West. These contacts should include all segments of our societies, but in particular young people, who will carry the responsibility for continuing our common endeavour;

—we will seek expanded economic and trade relations with the Eastern countries on the basis of commercially sound terms, mutual interest and reciprocity. Such relations should also serve as incentives for real economic reform and thus ease the way for increased integration of Eastern countries into the international trading system;

—we intend to demonstrate through increased co-operation that democratic institutions and economic choice create the best possible conditions for economic and social progress. The development of such open systems will facilitate co-operation and, consequently, make its benefits more available;

—an important task of our co-operation will be to explore means to extend Western experience and know-how to Eastern countries in a manner which responds to and promotes positive change. Exchanges in technical and managerial fields, establishment of co-operative training programmes, expansion of educational, scientific and cultural exchanges all offer possibilities which have not yet been exhausted;

—equally important will be to integrate Eastern European countries more fully into efforts to meet the social, environmental and technological challenges of the modern world, where common interests should prevail. In accordance with our concern for global challenges, we will seek to engage Eastern countries in co-operative strategies in areas such as the environment, terrorism, and drugs. Eastern willingness to participate constructively in dealing with such challenges will help further co-operation in other areas as well;

—East-West understanding can be expanded only if our respective societies gain increased knowledge about one another and communicate effectively. To encourage an increase of Soviet and Eastern studies in universities of our countries and of corresponding studies in Eastern countries, we are prepared to establish a Fellowship/Scholarship programme to promote the study of our democratic institutions, with candidates being invited from Eastern as well as Western Europe and North America.

Global Challenges

29. Worldwide developments which affect our security interests are legitimate matters for consultation and, where appropriate, co-ordination among us. Our security is to be seen in a context broader than the protection from war alone.

30. Regional conflicts continue to be of major concern. The co-ordinated approach of Alliance members recently has helped toward settling some of the world's most dangerous and long-standing disputes. We hope that the Soviet Union will increasingly work with us in positive and practical steps towards diplomatic solutions to those conflicts that continue to preoccupy the international community.

31. We will seek to contain the newly emerging security threats and destabilizing consequences resulting from the uncontrolled spread and application of modern military technologies.

32. In the spirit of Article 2 of the Washington Treaty, we will increasingly need to address worldwide problems which have a bearing on our security, particularly environmental degradation, resource conflicts and grave economic disparities. We will seek to do so in the appropriate multilateral fora, in the widest possible co-operation with other States.

33. We will each further develop our close co-operation with the other industrial democracies akin to us in their objectives and policies.

34. We will redouble our efforts in a reinvigorated United Nations, strengthening its role in conflict settlement and peacekeeping, and in its larger endeavours for world peace.

Our "Third Dimension"

35. Convinced of the vital need for international co-operation in science and technology, and of its beneficial effect on global security, we have for several decades maintained Alliance programmes of scientific co-operation. Recognizing the importance of safeguarding the environment we have also co-operated in the Committee on the Challenges of Modern Society on environmental matters. These activities have demonstrated the broad range of our common pursuits. We intend to give more impact to our programmes with new initiatives in these areas.

The Future of the Alliance

36. We, the leaders of 16 free and democratic countries, have dedicated ourselves to the goals of the Alliance and are committed to work in unison for their continued fulfilment.

37. At this time of unprecedented promise in international affairs, we will respond to the hopes that it offers. The Alliance

will continue to serve as the cornerstone of our security, peace and freedom. Secure on this foundation, we will reach out to those who are willing to join us in shaping a more stable and peaceful international environment in the service of our societies.

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122. NATO Summit: "A Comprehensive Concept of Arms Control and Disarmament"

Report Adopted by the Heads of State and Government of the North Atlantic Council, Brussels, May 30, 1989[29]

At Reykjavik in June 1987,[30] Ministers stated that the arms control problems facing the Alliance raised complex and interrelated issues that needed to be evaluated together, bearing in mind overall progress in arms control negotiations as well as the requirements of Alliance security and of its strategy of deterrence. They therefore directed the Council in Permanent Session, working in conjunction with the appropriate military authorities, to "consider the further development of a comprehensive concept of arms control and disarmament."

The attached report, prepared by the Council in response to that mandate, was adopted by Heads of State and Government at the meeting of the North Atlantic Council in Brussels on 29th and 30th May 1989.

I. Introduction

1. The overriding objective of the Alliance is to preserve peace in freedom, to prevent war, and to establish a just and lasting peaceful order in Europe. The Allies' policy to this end was set forth in the Harmel Report of 1967. It remains valid. According to the Report, the North Atlantic Alliance's "first function is to maintain adequate military strength and political solidarity to deter aggression and other forms of pressure and to defend the territory of member countries if aggression should occur". On that basis, the Alliance can carry out "its second function, to pursue the search for progress towards a more stable relationship in which the underlying political issues can be solved". As the Report observed, military security and a policy aimed at reducing tensions are "not contradictory, but complementary". Consistent with these principles, Allied Heads of State and Government have agreed that arms control is an integral part of the Alliance's security policy.

2. The possibilities for fruitful East-West dialogue have significantly improved in recent years. More favourable conditions now exist for progress towards the achievement of the Alliance's objectives. The Allies are resolved to grasp this opportunity. They will continue to address both the symptoms and the causes of political tension in a manner that respects the legitimate security interests of all states concerned.

3. The achievement of the lasting peaceful order which the Allies seek will require that the unnatural division of Europe, and particularly of Germany, be overcome, and that, as stated in the Helsinki Final Act, the sovereignty and territorial integrity of all states and the right of peoples to self-determination be respected, and that the rights of all individuals, including their right of political choice, be protected. The members of the Alliance accordingly attach central importance to further progress in the Conference on Security and Cooperation in Europe (CSCE) process, which serves as a framework for the promotion of peaceful evolution in Europe.

4. The CSCE process provides a means to encourage stable and constructive East-West relations by increasing contacts between people, by seeking to ensure that basic rights and freedoms are respected in law and practice, by furthering political exchanges and mutually beneficial cooperation across a broad range of endeavours, and by enhancing security and openness in the military sphere. The Allies will continue to demand full implementation of all the principles and provisions of the Helsinki Final Act, the Madrid Concluding Document, the Stockholm Document, and the Concluding Document of the Vienna Meeting. The last document marks a major advance in the CSCE process and should stimulate further beneficial changes in Europe.

5. The basic goal of the Alliance's arms control policy is to enhance security and

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[29] Source: *NATO Review*, June 1989, pp. 22–27.

[30] For text of the statement issued by the North Atlantic Council, June 12, 1987, see *American Foreign Policy: Current Documents, 1987*, pp. 262–264.

stability at the lowest balanced level of forces and armaments consistent with the requirements of the strategy of deterrence. The Allies are committed to achieving continuing progress towards all their arms control objectives. The further development of the Comprehensive Concept is designed to assist this by ensuring an integrated approach covering both defence policy and arms control policy: these are complementary and interactive. This work also requires full consideration of the interrelationship between arms control objectives and defence requirements and how various arms control measures, separately and in conjunction with each other, can strengthen Alliance security. The guiding principles and basic objectives which have so far governed the arms control policy of the Alliance remain valid. Progress in achieving these objectives is, of course, affected by a number of factors. These include the overall state of East-West relations, the military requirements of the Allies, the progress of existing and future arms control negotiations, and developments in the CSCE process. The further development and implementation of a comprehensive concept of arms control and disarmament will take place against this background.

II. East-West Relations and Arms Control

6. The Alliance continues to seek a just and stable peace in Europe in which all states can enjoy undiminished security at the minimum necessary levels of forces and armaments and all individuals can exercise their basic rights and freedoms. Arms control alone cannot resolve long-standing political differences between East and West nor guarantee a stable peace. Nonetheless, achievement of the Alliance's goal will require substantial advances in arms control, as well as more fundamental changes in political relations. Success in arms control, in addition to enhancing military security, can encourage improvements in the East-West political dialogue and thereby contribute to the achievement of broader Alliance objectives.

7. To increase security and stability in Europe, the Alliance has consistently pursued every opportunity for effective arms control. The Allies are committed to this policy, independent of any changes that may occur in the climate of East-West relations. Success in arms control, however, continues to depend not on our own efforts alone, but also on Eastern and particularly Soviet readiness to work constructively towards mutually beneficial results.

8. The immediate past has witnessed unprecedented progress in the field of arms control. In 1986 the Stockholm Conference on Disarmament in Europe (CDE) agreement created an innovative system of confidence and security-building measures, designed to promote military transparency and predictability. To date, these have been satisfactorily implemented. The 1987 INF Treaty[51] marked another major step forward because it eliminated a whole class of weapons, it established the principle of asymmetrical reductions, and provided for a stringent verification regime. Other achievements include the establishment in the United States and the Soviet Union of nuclear risk reduction centres, the US/Soviet agreement on prior notification of ballistic missile launches, and the conduct of the Joint Verification Experiment in connection with continued US/Soviet negotiations on nuclear testing.

9. In addition to agreements already reached, there has been substantial progress in the START negotiations which are intended to reduce radically strategic nuclear arsenals and eliminate destabilising offensive capabilities. The Paris Conference on the Prohibition of Chemical Weapons has reaffirmed the authority of the 1925 Geneva Protocol and given powerful political impetus to the negotiations in Geneva for a global, comprehensive and effectively verifiable ban on chemical weapons. New distinct negotiations within the framework of the CSCE process have now begun in Vienna: one on conventional armed forces in Europe between the 23 members of NATO and the Warsaw Treaty Organization (WTO) and one on confidence- and security-building measures (CSBMs) among all 35 signatories of the Helsinki Final Act.

10. There has also been substantial progress on other matters important to the West. Soviet troops have left Afghanistan. There has been movement toward the resolution of some, although not all, of the remaining regional conflicts in which the Soviet Union is involved. The observance of human rights in the Soviet Union and in some of the other WTO countries has sig-

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[51] Signed by the United States and the Soviet Union in Washington December 8, 1987, entered into force June 1, 1988; see *International Legal Materials*, 27 (1988), pp. 90–198.

nificantly improved, even if serious deficiencies remain. The recent Vienna CSCE Follow-up Meeting succeeded in setting new, higher standards of conduct for participating states and should stimulate further progress in the CSCE process. A new intensity of dialogue, particularly at high level, between East and West opens new opportunities and testifies to the Allies' commitment to resolve the fundamental problems that remain.

11. The Alliance does not claim exclusive responsibility for this favourable evolution in East-West relations. In recent years, the East has become more responsive and flexible. Nonetheless, the Alliance's contribution has clearly been fundamental. Most of the achievements to date, which have been described above, were inspired by initiatives by the Alliance or its members. The Allies' political solidarity, commitment to defence, patience and creativity in negotiations overcame initial obstacles and brought its efforts to fruition. It was the Alliance that drew up the basic blueprints for East-West progress and has since pushed them forward towards realisation. In particular, the concepts of stability, reasonable sufficiency, asymmetrical reductions, concentration on the most offensive equipment, rigorous verification, transparency, a single zone from the Atlantic to the Urals, and the balanced and comprehensive nature of the CSCE process, are Western-inspired.

12. Prospects are now brighter than ever before for lasting, qualitative improvements in the East-West relationship. There continue to be clear signs of change in the internal and external policies of the Soviet Union and some of its Allies. The Soviet leadership has stated that ideological competition should play no part in inter-state relations. Soviet acknowledgment of serious shortcomings in its past approaches to international as well as domestic issues creates opportunities for progress on fundamental political problems.

13. At the same time, serious concerns remain. The ambitious Soviet reform programme, which the Allies welcome, will take many years to complete. Its success cannot be taken for granted given the magnitude of the problems it faces and the resistance generated. In Eastern Europe, progress in constructive reform is still uneven and the extent of these reforms remains to be determined. Basic human rights still need to be firmly anchored in law and practice, though in some Warsaw Pact countries improvements are underway. Although the WTO has recently announced and begun unilateral reductions in some of its forces, the Soviet Union continues to deploy military forces and to maintain a pace of military production in excess of legitimate defensive requirements. Moreover, the geostrategic realities favour the geographically contiguous Soviet-dominated WTO as against the geographically separated democracies of the North Atlantic Alliance. It has long been an objective of the Soviet Union to weaken the links between the European and North American members of the Alliance.

14. We face an immediate future that is promising but still uncertain. The Allies and the East face both a challenge and an opportunity to capitalise on present conditions in order to increase mutual security. The progress recently made in East-West relations has given new impetus to the arms control process and has enhanced the possibilities of achieving the Alliance's arms control objectives, which complement the other elements of the Alliance's security policy.

III. Principles of Alliance Security

15. Alliance security policy aims to preserve peace in freedom by both political means and the maintenance of a military capability sufficient to prevent war and to provide for effective defence. The fact that the Alliance has for forty years safeguarded peace in Europe bears witness to the success of this policy.

16. Improved political relations and the progressive development of cooperative structures between Eastern and Western countries are important components of Alliance policy. They can enhance mutual confidence, reduce the risk of misunderstanding, ensure that there are in place reliable arrangements for crisis management so that tensions can be defused, render the situation in Europe more open and predictable, and encourage the development of wider cooperation in all fields.

17. In underlining the importance of these facts for the formulation of Alliance policy, the Allies reaffirm that, as stated in the Harmel Report, the search for constructive dialogue and cooperation with the countries of the East, including arms control and disarmament, is based on po-

litical solidarity and adequate military strength.

18. Solidarity among the Alliance countries is a fundamental principle of their security policy. It reflects the indivisible nature of their security. It is expressed by the willingness of each country to share fairly the risks, burdens and responsibilities of the common effort as well as its benefits. In particular, the presence in Europe of the United States' conventional and nuclear forces and of Canadian forces demonstrates that North American and European security interests are inseparably bound together.

19. From its inception the Alliance of Western democracies has been defensive in purpose. This will remain so. None of our weapons will ever be used except in self-defence. The Alliance does not seek military superiority nor will it ever do so. Its aim has always been to prevent war and any form of coercion and intimidation.

20. Consistent with the Alliance's defensive character, its strategy is one of deterrence. Its objective is to convince a potential aggressor before he acts that he is confronted with a risk that outweighs any gain—however great—he might hope to secure from his aggression. The purpose of this strategy defines the means needed for its implementation.

21. In order to fulfil its strategy, the Alliance must be capable of responding appropriately to any aggression and of meeting its commitment to the defence of the frontiers of its members' territory. For the foreseeable future, deterrence requires an appropriate mix of adequate and effective nuclear and conventional forces which will continue to be kept up to date where necessary; for it is only by their evident and perceived capability for effective use that such forces and weapons deter.

22. Conventional forces make an essential contribution to deterrence. The elimination of asymmetries between the conventional forces of East and West in Europe would be a major breakthrough, bringing significant benefits for stability and security. Conventional defence alone cannot, however, ensure deterrence. Only the nuclear element can confront an aggressor with an unacceptable risk and thus plays an indispensable role in our current strategy of war prevention.

23. The fundamental purpose of nuclear forces—both strategic and sub-strategic—is political: to preserve the peace and to prevent any kind of war. Such forces contribute to deterrence by demonstrating that the Allies have the military capability and the political will to use them, if necessary, in response to aggression. Should aggression occur, the aim would be to restore deterrence by inducing the aggressor to reconsider his decision, to terminate his attack and to withdraw and thereby to restore the territorial integrity of the Alliance.

24. Conventional and nuclear forces, therefore, perform different but complementary and mutually reinforcing roles. Any perceived inadequacy in either of these two elements, or the impression that conventional forces could be separated from nuclear, or sub-strategic from strategic nuclear forces, might lead a potential adversary to conclude that the risks of launching aggression might be calculable and acceptable. No single element can, therefore, be regarded as a substitute compensating for deficiencies in any other.

25. For the foreseeable future, there is no alternative strategy for the prevention of war. The implementation of this strategy will continue to ensure that the security interests of all Alliance members are fully safeguarded. The principles underlying the strategy of deterrence are of enduring validity. Their practical expression in terms of the size, structure and deployment of forces is bound to change. As in the past, these elements will continue to evolve in response to changing international circumstances, technological progress and developments in the scale of the threat—in particular, in the posture and capabilities of the forces of the Warsaw Treaty Organization.

26. Within this overall framework, strategic nuclear forces provide the ultimate guarantee of deterrence for the Allies. They must be capable of inflicting unacceptable damage on an aggressor state even after it has carried out a first strike. Their number, range, survivability and penetration capability need to ensure that a potential aggressor cannot count on limiting the conflict or regarding his own territory as a sanctuary. The strategic nuclear forces of the United States provide the cornerstone of deterrence for the Alliance as a whole. The independent nuclear forces of the United Kingdom and France

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fulfil a deterrent role of their own and contribute to the overall deterrence strategy of the Alliance by complicating the planning and risk assessment of a potential aggressor.

27. Nuclear forces below the strategic level provide an essential political and military linkage between conventional and strategic forces and, together with the presence of Canadian and United States forces in Europe, between the European and North American members of the Alliance. The Allies' sub-strategic nuclear forces are not designed to compensate for conventional imbalances. The levels of such forces in the integrated military structure nevertheless must take into account the threat—both conventional and nuclear—with which the Alliance is faced. Their role is to ensure that there are no circumstances in which a potential aggressor might discount the prospect of nuclear retaliation in response to military action. Nuclear forces below the strategic level thus make an essential contribution to deterrence.

28. The wide deployment of such forces among countries participating in the integrated military structure of the Alliance, as well as the arrangements for consultation in the nuclear area among the Allies concerned, demonstrates solidarity and willingness to share nuclear roles and responsibilites. It thereby helps to reinforce deterrence.

29. Conventional forces contribute to deterrence by demonstrating the Allies' will to defend themselves and by minimising the risk that a potential aggressor could anticipate a quick and easy victory or limited territorial gain achieved solely by conventional means.

30. They must thus be able to respond appropriately and to confront the aggressor immediately and as far forward as possible with the necessary resistance to compel him to end the conflict and to withdraw or face possible recourse to the use of nuclear weapons by the Allies. The forces of the Allies must be deployed and equipped so as to enable them to fulfil this role at all times. Moreover, since the Alliance depends on reinforcements from the North American continent, it must be able to keep open sea and air lines of communication between North America and Europe.

31. All member countries of the Alliance strongly favour a comprehensive, effectively verifiable, global ban on the development, production, stockpiling and use of chemical weapons. Chemical weapons represent a particular case, since the Alliance's overall strategy of war prevention, as noted earlier, depends on an appropriate mix of nuclear and conventional weapons. Pending the achievement of a global ban on chemical weapons, the Alliance recognises the need to implement passive defence measures. A retaliatory capability on a limited scale is retained in view of the Soviet Union's overwhelming chemical weapons capability.

32. The Allies are committed to maintaining only the minimum level of forces necessary for their strategy of deterrence, taking into account the threat. There is, however, a level of forces, both nuclear and conventional, below which the credibility of deterrence cannot be maintained. In particular, the Allies have always recognised that the removal of all nuclear weapons from Europe would critically undermine deterrence strategy and impair the security of the Alliance.

33. The Alliance's defence policy and its policy of arms control and disarmament are complementary and have the same goal: to maintain security at the lowest possible level of forces. There is no contradiction between defence policy and arms control policy. It is on the basis of this fundamental consistency of principles and objectives that the comprehensive concept of arms control and disarmament should be further developed and the appropriate conclusions drawn in each of the areas of arms control.

IV. Arms Control and Disarmament: Principles and Objectives

34. Our vision for Europe is that of an undivided continent where military forces only exist to prevent war and to ensure self-defence, as has always been the case for the Allies, not for the purpose of initiating aggression or for political or military intimidation. Arms control can contribute to the realisation of that vision as an integral part of the Alliance's security policy and of our overall approach to East-West relations.

35. The goal of Alliance arms control policy is to enhance security and stability. To this end, the Allies' arms control initia-

tives seek a balance at a lower level of forces and armaments through negotiated agreements and, as appropriate, unilateral actions, recognising that arms control agreements are only possible where the negotiating partners share an interest in achieving a mutually satisfactory result. The Allies' arms control policy seeks to remove destabilising asymmetries in forces or equipment. It also pursues measures designed to build mutual confidence and to reduce the risk of conflict by promoting greater transparency and predictability in military matters.

36. In enhancing security and stability, arms control can also bring important additional benefits for the Alliance. Given the dynamic aspects of the arms control process, the principles and results embodied in one agreement may facilitate other arms control steps. In this way arms control can also make possible further reductions in the level of Alliance forces and armaments, consistent with the Alliance's strategy of war prevention. Furthermore, as noted in Chapter II, arms control can make a significant contribution to the development of more constructive East-West relations and of a framework for further cooperation within a more stable and predictable international environment. Progress in arms control can also enhance public confidence in and promote support for our overall security policy.

Guiding Principles for Arms Control

37. The members of the Alliance will be guided by the following principles:

—Security: Arms control should enhance the security of all Allies. Both during the implementation period and following implementation, the Allies' strategy of deterrence and their ability to defend themselves, must remain credible and effective. Arms control measures should maintain the strategic unity and political cohesion of the Alliance, and should safeguard the principle of the indivisibility of Alliance security by avoiding the creation of areas of unequal security. Arms control measures should respect the legitimate security interests of all states and should not facilitate the transfer or intensification of threats to third party states or regions.

—Stability: Arms control measures should yield militarily significant results that enhance stability. To promote stability, arms control measures should reduce or eliminate those capabilities which are most threatening to the Alliance. Stability can also be enhanced by steps that promote greater transparency and predictability in military matters. Military stability requires the elimination of options for surprise attack and for large-scale offensive action. Crisis stability requires that no state has forces of a size and configuration which, when compared with those of others, could enable it to calculate that it might gain a decisive advantage by being the first to resort to arms. Stability also requires measures which discourage destabilising attempts to re-establish military advantage through the transfer of resources to other types of armament. Agreements must lead to final results that are both balanced and ensure equality of rights with respect to security.

—Verifiability: Effective and reliable verification is a fundamental requirement for arms control agreements. If arms control is to be effective and to build confidence, the verifiability of proposed arms control measures must, therefore, be of central concern for the Alliance. Progress in arms control should be measured against the record of compliance with existing agreements. Agreed arms control measures should exclude opportunities for circumvention.

Alliance Arms Control Objectives

38. In accordance with the above principles, the Allies are pursuing an ambitious arms control agenda for the coming years in the nuclear, conventional and chemical fields.

Nuclear Forces

39. The INF Agreement represents a milestone in the Allies' efforts to achieve a more secure peace at lower levels of arms. By 1991, it will lead to the total elimination of all United States and Soviet intermediate range land-based missiles, thereby removing the threat which such Soviet systems presented to the Alliance. Implementation of the agreement, however, will affect only a small proportion of the Soviet nuclear armoury, and the Alliance continues to face a substantial array of modern and effective Soviet systems of all ranges. The full realisation of the Alliance agenda thus requires that further steps be taken.

Strategic Nuclear Forces

40. Soviet strategic systems continue to pose a major threat to the whole of the Alliance. Deep cuts in such systems are in the direct interests of the entire Western Alliance, and therefore their achievement constitutes a priority for the Alliance in the nuclear field.

41. The Allies thus fully support the United States objectives of achieving, within the context of the Strategic Arms Reduction Talks, fifty percent reductions in United States and Soviet strategic nuclear arms. United States proposals seek to enhance stability by placing specific restrictions on the most destabilising elements of the threat—fast flying ballistic missiles, throw-weight and, in particular, Soviet heavy ICBMs. The proposals are based on the need to maintain the deterrent credibility of the remaining United States strategic forces which would continue to provide the ultimate guarantee of security for the Alliance as a whole; and therefore on the necessity to keep such forces effective. Furthermore, the United States is holding talks with the Soviet Union on defence and space matters in order to ensure that strategic stability is enhanced.

Sub-Strategic Nuclear Forces

42. The Allies are committed to maintaining only the minimum number of nuclear weapons necessary to support their strategy of deterrence. In line with this commitment, the members of the integrated military structure have already made major unilateral cuts in their sub-strategic nuclear armoury. The number of land-based warheads in Western Europe has been reduced by over one-third since 1979 to its lowest level in over 20 years. Updating where necessary of their sub-strategic systems would result in further reductions.

43. The Allies continue to face the direct threat posed to Europe by the large numbers of shorter-range nuclear missiles deployed on Warsaw Pact territory and which have been substantially upgraded in recent years. Major reductions in Warsaw Pact systems would be of overall value to Alliance security. One of the ways to achieve this aim would be by tangible and verifiable reductions of American and Soviet land-based nuclear missile systems of shorter range leading to equal ceilings at lower levels.

44. But the sub-strategic nuclear forces deployed by member countries of the Alliance are not principally a counter to similar systems operated by members of the WTO. As is explained in Chapter III, sub-strategic nuclear forces fulfil an essential role in overall Alliance deterrence strategy by ensuring that there are no circumstances in which a potential aggressor might discount nuclear retaliation in response to his military action.

45. The Alliance reaffirms its position that for the foreseeable future there is no alternative to the Alliance's strategy for the prevention of war, which is a strategy of deterrence based upon an appropriate mix of adequate and effective nuclear and conventional forces which will continue to be kept up to date where necessary. Where nuclear forces are concerned, land-, sea-, and air-based systems, including ground-based missiles, in the present circumstances and as far as can be foreseen will be needed in Europe.

46. In view of the huge superiority of the Warsaw Pact in terms of short-range nuclear missiles, the Alliance calls upon the Soviet Union to reduce unilaterally its short-range missile systems to the current levels within the integrated military structure.

47. The Alliance reaffirms that at the negotiations on conventional stability it pursues the objectives of:

—the establishment of a secure and stable balance of conventional forces at lower levels;

—the elimination of disparities prejudicial to stability and security; and

—the elimination as a matter of high priority of the capability for launching surprise attack and for initiating large-scale offensive action.

48. In keeping with its arms control objectives formulated in Reykjavik in 1987 and reaffirmed in Brussels in 1988,[32] the Alliance states that one of its highest priorities in negotiations with the East is reaching an agreement on conventional force reductions which would achieve the objectives above. In this spirit, the Allies

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[32] For text of the North Atlantic Council statement, December 8, 1988, see *American Foreign Policy: Current Documents, 1988*, pp. 269–271.

will make every effort, as evidenced by the outcome of the May 1989 Summit, to bring these conventional negotiations to an early and satisfactory conclusion. The United States has expressed the hope that this could be achieved within six to twelve months. Once implementation of such an agreement is underway, the United States, in consultation with the Allies concerned, is prepared to enter into negotiations to achieve a *partial* reduction of American and Soviet land-based nuclear missile forces of shorter range to equal and verifiable levels. With special reference to the Western proposals on CFE tabled in Vienna[33] enhanced by the proposals by the United States at the May 1989 Summit, the Allies concerned proceed on the understanding that negotiated reductions leading to a level below the existing level of their SNF missiles will not be carried out until the results of these negotiations have been implemented. Reductions of Warsaw Pact SNF systems should be carried out before that date.

49. As regards the sub-strategic nuclear forces of the members of the integrated military structure, their level and characteristics must be such that they can perform their deterrent role in a credible way across the required spectrum of ranges, taking into account the threat—both conventional and nuclear—with which the Alliance is faced. The question concerning the introduction and deployment of a follow-on system for the Lance will be dealt with in 1992 in the light of overall security developments. While a decision for national authorities, the Allies concerned recognise the value of the continued funding by the United States of research and development of a follow-on for the existing Lance short-range missile, in order to preserve their options in this respect.

Conventional Forces

50. As set out in the March 1988 Summit statement[34] and in the Alliance's November 1988 data initiative,[35] the Soviet Union's military presence in Europe, at a level far in excess of its needs for self-defence, directly challenges our security as well as our aspirations for a peaceful order in Europe. Such excessive force levels create the risk of political intimidation or threatened aggression. As long as they exist, they present an obstacle to better political relations between all states of Europe. The challenge to security is, moreover, not only a matter of the numerical superiority of WTO forces. WTO tanks artillery and armoured troop carriers are concentrated in large formations and deployed in such a way as to give the WTO a capability for surprise attack and large-scale offensive action. Despite the recent welcome publication by the WTO of its assessment of the military balance in Europe, there is still considerable secrecy and uncertainty about its actual capabilities and intentions.

51. In addressing these concerns the Allies' primary objectives are to establish a secure and stable balance of conventional forces in Europe at lower levels, while at the same time creating greater openness about military organisation and activities in Europe.

52. In the Conventional Forces in Europe (CFE) talks between the 23 members of the two alliances, the Western Allies are proposing:

—reductions to an overall limit on the total holdings of armaments in Europe, concentrating on the most threatening systems, i.e. those capable of seizing and holding territory;

—a limit on the proportion of these total holdings belonging to any one country in Europe (since the security and stability of Europe require that no state exceed its legitimate needs for self-defence);

—a limit on stationed forces (thus restricting the forward deployment and concentration of Soviet forces in Eastern Europe); and,

—appropriate numerical sub-limits on forces which will apply simultaneously throughout the Atlantic to the Urals area.

These measures, taken together, will necessitate deep cuts in the WTO conventional forces which most threaten the Alliance. The resulting reductions will have to take place in such a way as to prevent circumvention, e.g. by ensuring that the armaments reduced are destroyed or otherwise disposed of. Verification measures will be required to ensure that all states have confidence that entitlements are not exceeded.

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[33] For text, see *NATO Review*, April 1989, pp. 29–33.

[34] For text, see *American Foreign Policy: Current Documents, 1988*, pp. 246–249.

[35] See *ibid.*, pp. 263–267.

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53. These measures alone, however, will not guarantee stability. The regime of reductions will have to be backed up by additional measures which should include measures of transparency, notification and constraint applied to the deployment, storage, movement and levels of readiness and availability of conventional forces.

54. In the CSBM negotiations, the Allies aim to maintain the momentum created by the successful implementation of the Stockholm Document by proposing a comprehensive package of measures to improve:

—transparency about military organisation,

—transparency and predictability of military activities,

—contacts and communication,

and have also proposed an exchange of views on military doctrine in a seminar setting.

55. The implementation of the Allies' proposals in the CFE negotiations and of their proposals for further confidence- and security-building measures would achieve a quantum improvement in European security. This would have important and positive consequences for Alliance policy both in the field of defence and arms control. The outcome of the CFE negotiations would provide a framework for determining the future Alliance force structure required to perform its fundamental task of preserving peace in freedom. In addition, the Allies would be willing to contemplate further steps to enhance stability and security if the immediate CFE objectives are achieved—for example, further reductions or limitations of conventional armaments and equipment, or the restructuring of armed forces to enhance defensive capabilities and further reduce offensive capabilities.

56. The Allies welcome the declared readiness of the Soviet Union and other WTO members to reduce their forces and adjust them towards a defensive posture and await implementation of these measures. This would be a step in the direction of redressing the imbalance in force levels existing in Europe and towards reducing the WTO capability for surprise attack. The announced reductions demonstrate the recognition by the Soviet Union and other WTO members of the conventional imbalance, long highlighted by the Allies as a key problem of European security.

Chemical Weapons

57. The Soviet Union's chemical weapons stockpile poses a massive threat. The Allies are committed to conclude, at the earliest date, a worldwide, comprehensive and effectively verifiable ban on all chemical weapons.

58. All Alliance states subscribe to the prohibitions contained in the Geneva Protocol for the Use in War of Asphyxiating, Poisonous or Other Gases, and Bacteriological Methods of Warfare. The Paris Conference on the Prohibition of Chemical Weapons reaffirmed the importance of the commitments made under the Geneva Protocol and expressed the unanimous will of the international community to eliminate chemical weapons completely at an early date and thereby to prevent any recourse to their use.

59. The Allies wish to prohibit not only the use of these abhorrent weapons, but also their development, production, stockpiling and transfer, and to achieve the destruction of existing chemical weapons and production facilities in such a way as to ensure the undiminished security of all participants at each stage in the process. Those objectives are being pursued in the Geneva Conference on Disarmament. Pending agreement on a global ban, the Allies will enforce stringent controls on the export of commodities related to chemical weapons production. They will also attempt to stimulate more openness among states about chemical weapons capabilities in order to promote greater confidence in the effectiveness of a global ban.

V. Conclusions

Arms Control and Defence Interrelationships

60. The Alliance is committed to pursuing a comprehensive approach to security, embracing both arms control and disarmament, and defence. It is important, therefore, to ensure that interrelationships between arms control issues and defence requirements and amongst the various arms control areas are fully considered. Proposals in any one area of arms control must take account of the implications for Alliance interests in general and for other negotiations. This is a continuing process.

61. It is essential that defence and arms control objectives remain in harmony in order to ensure their complementary contribution to the goal of maintaining security at the lowest balanced level of forces consistent with the requirements of the Alliance strategy of war prevention, acknowledging that changes in the threat, new technologies, and new political opportunities affect options in both fields. Decisions on arms control matters must fully reflect the requirements of the Allies' strategy of deterrence. Equally, progress in arms control is relevant to military plans, which will have to be developed in the full knowledge of the objectives pursued in arms control negotiations and to reflect, as necessary, the results achieved therein.

62. In each area of arms control, the Alliance seeks to enhance stability and security. The current negotiations concerning strategic nuclear systems, conventional forces and chemical weapons are, however, independent of one another: the outcome of any one of these negotiations is not contingent on progress in others. However, they can influence one another: criteria established and agreements achieved in one area of arms control may be relevant in other areas and hence facilitate overall progress. These could affect both arms control possibilities and the forces needed to fulfil Alliance strategy, as well as help to contribute generally to a more predictable military environment.

63. The Allies seek to manage the interaction among different arms control elements by ensuring that the development, pursuit and realisation of their arms control objectives in individual areas are fully consistent both with each other and with the Alliance's guiding principles for effective arms control. For example, the way in which START limits and sub-limits are applied in detail could affect the future flexibility of the sub-strategic nuclear forces of members of the integrated military structure. A CFE agreement would by itself make a major contribution to stability. This would be significantly further enhanced by the achievement of a global chemical weapons ban. The development of confidence- and security-building measures could infuence the stabilising measures being considered in connection with the Conventional Forces in Europe negotiations and vice versa. The removal of the imbalance in conventional forces would provide scope for further reductions in the sub-strategic nuclear forces of members of the integrated military structure, though it would not obviate the need for such forces. Similarly this might make possible further arms control steps in the conventional field.

64. This report establishes the overall conceptual framework within which the Allies will be seeking progress in each area of arms control. In so doing, their fundamental aim will be enhanced security at lower levels of forces and armaments. Taken as a whole, the Allies' arms control agenda constitutes a coherent and comprehensive approach to the enhancement of security and stability. It is ambitious, but we are confident that—with a constructive response from the WTO states—it can be fully achieved in the coming years. In pursuing this goal, the Alliance recognises that it cannot afford to build its security upon arms control results expected in the future. The Allies will be prepared, however, to draw appropriate consequences for their own military posture as they make concrete progress through arms control towards a significant reduction in the scale and quality of the military threat they face. Accomplishment of the Allies' arms control agenda would not only bring great benefits in itself, but could also lead to the expansion of cooperation with the East in other areas. The arms control process itself is, moreover, dynamic; as and when the Alliance reaches agreement in each of the areas set out above, so further prospects for arms control may be opened up and further progress made possible.

65. As noted earlier, the Allies' vision for Europe is that of an undivided continent where military forces only exist to prevent war and to ensure self-defence; a continent which no longer lives in the shadow of overwhelming military forces and from which the threat of war has been removed; a continent where the sovereignty and territorial integrity of all states are respected and the rights of all individuals, including their right of political choice, are protected. This goal can only be reached by stages: it will require patient and creative endeavour. The Allies are resolved to continue working towards its attainment. The achievement of the Alliance's arms control objectives would be a major contribution towards the realisation of its vision.

Document 122

123. "America Is and Will Remain a European Power"

Press Conference by President Bush, Brussels, May 30, 1989[56]

First, I want to pay my respects to Manfred Woerner and thank him for the way in which this meeting has been conducted, for his thorough staff work, and for his able leadership in the hall. And I think that the successful results at this summit have given us a double hit—both conventional forces and short-range nuclear forces. And taken in tandem, it demonstrates the alliance's ability to manage change to our advantage, to move beyond the era of containment.

Our overall aim is to overcome the division of Europe and to forge a unity based on Western values. The starting point, of course, is to maintain our security while seeking to lessen tensions and adapt to changing circumstances. Our conventional parity initiative seeks to capitalize on the opportunity we have and to do so without delay. We want to finally free Europe from the constant threat of surprise attack. We want to free Europe from the political shadow of Soviet military power. And we want to free Europe to become the center of cooperation, not confrontation. We want to open up opportunities for greater U.S.-European cooperation on the other great issues of our day, for example, on environment and regional conflicts. A reduced military presence when combined with a less threatening Soviet presence in Europe can create a stronger basis for engagement in Europe over the long haul.

America is and will remain a European power. Similarly, our SNF agreement demonstrates our ability to adapt to change while remaining true to our core security principles. We've agreed to future negotiations after the implementation of a conventional forces agreement—after the implementation of the agreement is underway for the conventional force agreement. Any negotiated SNF reductions will not be carried out until the CFE agreement is implemented. And we've underscored that our objective in negotiations is to achieve partial reductions, clearly leaving an SNF deterrent at lower, equal, and verifiable levels. Partial means partial.

We also stress that our strategy of deterrence requires land-, sea-, and air-based nuclear systems, including ground-based missiles, for as far as we can foresee. And while we will not take the modernization decision until 1992, the allies recognize the value of continued U.S. funding for the research and development of the follow-on to the Lance system.

And lastly, we are placing great emphasis on a rapid negotiated reduction of the conventional asymmetries that threaten Europe. Based on results in that area, we can negotiate SNF reductions, as well, while ensuring the continued presence of the nuclear deterrent.

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124. "Positive Steps by the Soviets Would Be Met by Steps of Our Own"

Statement by President Bush, Mainz, May 31, 1989 (Extract)[57]

. . . .

The Cold War began with the division of Europe. It can only end when Europe is whole. Today it is this very concept of a divided Europe that is under siege. And that's why our hopes run especially high, because the division of Europe is under siege not by armies but by the spread of ideas that began here, right here. It was a son of Mainz, Johannes Gutenberg, who liberated the mind of man through the power of the printed word. And that same liberating power is unleashed today in a hundred new forms. The Voice of America, Deutsche Welle allow us to enlighten millions deep within Eastern Europe and throughout the world. Television satellites allow us to bear witness from the shipyards of Gdansk to Tiananmen Square. But the momentum for freedom does not just come from the printed word or the transistor or the television screen; it comes from a single powerful idea: democracy.

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[56] Source: *Weekly Compilation of Presidential Documents*, June 5, 1989, p. 802. The President's news conference began at 12:49 p.m. in the Luns Press Theater at NATO Headquarters. After his opening statement, he answered questions from reporters.

[57] Source: *Weekly Compilation of Presidential Documents*, June 5, 1989, pp. 813–816. The President spoke at 1:16 p.m. in the Rheingoldhalle auditorium.

This one idea is sweeping across Eurasia. This one idea is why the Communist world from Budapest to Beijing, is in ferment. Of course, for the leaders of the East it's not just freedom for freedom's sake. But whatever their motivation, they are unleashing a force they will find difficult to channel or control: the hunger for liberty of oppressed peoples who've tasted freedom.

Nowhere is this more apparent than in Eastern Europe, the birthplace of the Cold War. In Poland, at the end of World War II, the Soviet Army prevented the free elections promised by Stalin at Yalta. And today Poles are taking the first steps toward real election, so long promised, so long deferred. And in Hungary at last we see a chance for multiparty competition at the ballot box.

As President, I will continue to do all I can to help open the closed societies of the East. We seek self-determination for all of Germany and all of Eastern Europe. And we will not relax, and we must not waver. Again, the world has waited long enough.

But democracy's journey East is not easy. Intellectuals like the great Czech playwright Vaclav Havel still work under the shadow of coercion. And repression still menaces too many peoples of Eastern Europe. Barriers and barbed wire still fence in nations. So, when I visit Poland and Hungary this summer, I will deliver this message: There cannot be a common European home until all within it are free to move from room to room. And I'll take another message: The path of freedom leads to a larger home, a home where West meets East, a democratic home, the commonwealth of free nations.

And I said that positive steps by the Soviets would be met by steps of our own. And this is why I announced on May 12th a readiness to consider granting to the Soviets temporary waiver of the Jackson–Vanik trade restrictions if they liberalize emigration. And this is also why I announced on Monday that the United States is prepared to drop the "no exceptions" standard that has guided our approach to controlling the export of technology to the Soviet Union, lifting a sanction enacted in response to their invasion of Afghanistan.

And in this same spirit, I set forth four proposals to heal Europe's tragic division, to help Europe become whole and free.

First, I propose we strengthen and broaden the Helsinki process to promote free elections and political pluralism in Eastern Europe. As the forces of freedom and democracy rise in the East, so should our expectations. And weaving together the slender threads of freedom in the East will require much from the Western democracies.

In particular, the great political parties of the West must assume an historic responsibility to lend counsel and support to those brave men and women who are trying to form the first truly representative political parties in the East, to advance freedom and democracy, to part the Iron Curtain.

In fact, it's already begun to part. The frontier of barbed wire and minefields between Hungary and Austria is being removed foot by foot, mile by mile. Just as the barriers are coming down in Hungary, so must they fall throughout all of Eastern Europe. Let Berlin be next. Let Berlin be next! Nowhere is the division between East and West seen more clearly than in Berlin. And there this brutal wall cuts neighbor from neighbor, brother from brother. And that wall stands as a monument to the failure of communism. It must come down.

Now, *glasnost* may be a Russian word, but "openness" is a Western concept. West Berlin has always enjoyed the openness of a free city, and our proposal would make all Berlin a center of commerce between East and West, a place of cooperation, not a point of confrontation. And we rededicate ourselves to the 1987 allied initiative to strengthen freedom and security in that divided city. And this, then, is my second proposal: Bring *glasnost* to East Berlin.

My generation remembers a Europe ravaged by war. And of course, Europe has long since rebuilt its proud cities and restored its majestic cathedrals. But what a tragedy it would be if your continent was again spoiled, this time by a more subtle and insidious danger—Chancellor referred to—that of poisoned rivers and acid rain. America's faced an environmental tragedy in Alaska. Countries from France to Finland suffered after Chernobyl. West Germany is struggling to save the Black Forest today. And throughout, we have all learned a terrible lesson: Environmental destruction respects no borders.

So, my third proposal is to work together on these environmental problems, with the United States and Western Europe extending a hand to the East. Since much remains to be done in both East and West, we ask Eastern Europe to join us in this common struggle. We can offer technical training, and assistance in drafting laws and regulations, and new technologies for tackling these awesome problems. And I invite the environmentalists and engineers of the East to visit the West, to share knowledge so we can succeed in this great cause.

My fourth proposal, actually a set of proposals, concerns a less militarized Europe, the most heavily armed continent in the world. Nowhere is this more important than in the two Germanys. And that's why our quest to safely reduce armament has a special significance for the German people.

To those who are impatient with our measured pace in arms reductions, I respectfully suggest that history teaches us a lesson: that unity and strength are the catalyst and prerequisite to arms control. We've always believed that a strong Western defense is the best road to peace. Forty years of experience have proven us right. But we've done more than just keep the peace. By standing together we have convinced the Soviets that their arms buildup has been costly and pointless. Let us not give them incentives to return to the policies of the past. Let us give them every reason to abandon the arms race for the sake of the human race.

In this era of both negotiation and armed camps, America understands that West Germany bears a special burden. Of course, in this nuclear age, every nation is on the front line, but not all free nations are called to endure the tension of regular military activity or the constant presence of foreign military forces. We are sensitive to these special conditions that this needed presence imposes.

To significantly ease the burden of armed camps in Europe, we must be aggressive in our pursuit of solid, verifiable agreements between NATO and the Warsaw Pact. On Monday, with my NATO colleagues in Brussels, I shared my great hope for the future of conventional arms negotiations in Europe. I shared with them a proposal for achieving significant reductions in the near future.

And as you know, the Warsaw Pact has now accepted major elements of our Western approach to the new conventional arms negotiations in Vienna. The Eastern bloc acknowledges that a substantial imbalance exists between the conventional forces of the two alliances, and they've moved closer to NATO's position by accepting most elements of our initial conventional arms proposal. These encouraging steps have produced the opportunity for creative and decisive action, and we shall not let that opportunity pass.

Our proposal has several key initiatives. I propose that we lock in the Eastern agreement to Western-proposed ceilings on tanks and armored troop carriers. We should also seek an agreement on a common numerical ceiling for artillery in the range between NATO's and that of the Warsaw Pact, provided these definitional problems can be solved. And the weapons we remove must be destroyed.

We should expand our current offer to include all land-based combat aircraft and helicopters by proposing that both sides reduce in these categories to a level 15 percent below the current NATO totals. Given the Warsaw Pact's advantage in numbers, the Pact would have to make far deeper reductions than NATO to establish parity at those lower levels. Again, the weapons we remove must be destroyed.

I propose a 20-percent cut in combat manpower in U.S.-stationed forces and a resulting ceiling on U.S. and Soviet ground and air forces stationed outside of national territory in the Atlantic-to-the-Urals zone at approximately 275,000 each. This reduction to parity, a fair and balanced level of strength, would compel the Soviets to reduce their 600,000-strong Red Army in Eastern Europe by 325,000. And these withdrawn forces must be demobilized.

And finally, I call on President Gorbachev to accelerate the timetable for reaching these agreements. There is no reason why the 5-to-6-year timetable as suggested by Moscow is necessary. I propose a much more ambitious schedule.

And we should aim to reach an agreement within 6 months to a year and accomplish reductions by 1992, or 1993 at the latest.

In addition to my conventional arms proposals, I believe that we ought to strive to improve the openness with which we and the Soviets conduct our military activities. And therefore, I want to reiterate my support for greater transparency. I renew my proposal that the Soviet Union and its allies open their skies to reciprocal, unarmed aerial surveillance flights, conducted on short notice, to watch military activities. Satellites are a very important way to verify arms control agreements, but they do not provide constant coverage of the Soviet Union. An open skies policy would move both sides closer to a total continuity of coverage while symbolizing greater openness between East and West.

These are my proposals to achieve a less militarized Europe. A short time ago, they would have been too revolutionary to consider, and yet today we may well be on the verge of a more ambitious agreement in Europe than anyone considered possible.

But we're also challenged by developments outside of NATO's traditional areas of concern. Every Western nation still faces the global proliferation of lethal technologies, including ballistic missiles and chemical weapons. We must collectively control the spread of these growing threats. So, we should begin as soon as possible with a worldwide ban on chemical weapons.

Growing political freedom in the East, a Berlin without barriers, a cleaner environment, a less militarized Europe—each is a noble goal, and taken together they are the foundation of our larger vision: a Europe that is free and at peace with itself. And so, let the Soviets know that our goal is not to undermine their legitimate security interests. Our goal is to convince them, step-by-step, that their definition of security is obsolete, that their deepest fears are unfounded.

When Western Europe takes its giant step in 1992, it will institutionalize what's been true for years: borders open to people, commerce, and ideas. No shadow of suspicion, no sinister fear is cast between you. The very prospect of war within the West is unthinkable to our citizens. But such a peaceful integration of nations into a world community does not mean that any nation must relinquish its culture, much less its sovereignty.

This process of integration, a subtle weaving of shared interests, which is so nearly complete in Western Europe, has now finally begun in the East. We want to help the nations of Eastern Europe realize what we, the nations of Western Europe, learned long ago: The foundation of lasting security comes not from tanks, troops or barbed wire; it is built on shared values and agreements that link free peoples. The nations of Eastern Europe are rediscovering the glories of their national heritage. So, let the colors and hues of national culture return to these grey societies of the East. Let Europe forgo a peace of tension for a peace of trust, one in which the peoples of the East and West can rejoice, a continent that is diverse yet whole.

Forty years of Cold War have tested Western resolve and the strength of our values. NATO's first mission is now nearly complete. But if we are to fulfill our vision—our European vision—the challenges of the next 40 years will ask no less of us. Together, we shall answer the call. The world has waited long enough.

Thank you for inviting me to Mainz. May God bless you all. Long live the friendship between Germany and the United States. Thank you, and God bless you.

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125. "NATO Should Promote Human Rights, Democracy, and Reform Within Eastern Countries"

Statement by President Bush, Brussels, December 4, 1989[38]

This morning I reviewed my discussions with President Gorbachev at Malta,[39] and we heard from Prime Minister Andreotti and Prime Minister Mulroney about their recent meetings with him. I would like to take this opportunity this afternoon to talk about a subject of even broader scope: the future shape of the new Europe and the new Atlanticism.

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[38] Source: *Weekly Compilation of Presidential Documents*, December 11, 1989, pp. 1888–1890. The President made this statement to NATO leaders at NATO Headquarters as part of his briefing on his December 2–3 summit meeting with President Gorbachev at Malta. He visited Brussels December 3–4 en route to Washington.

[39] Regarding the Malta summit, see Documents 187–189.

When we last met in May, our summit declaration described the setting as a "juncture of unprecedented change and opportunities." In the last 6 months, we have witnessed events that have finally begun to match our hopes these 40 years. Our dreams for an historic transformation of Europe from a divided continent into a continent whole and free are coming true.

The alliance was established in 1949 to provide the basis for precisely the extraordinary evolution which is occurring in Eastern Europe today.

This year the people of the East made fundamental choices about their destiny, and governments there began to honor the citizen's right to choose. What these changes amount to is nothing less than a peaceful revolution.

The task before us is to consolidate the fruits of this peaceful revolution and provide the architecture for continued peaceful change. Great choices are being made, and greater opportunities beckon.

In any time of great change, it is good to have firm principles to guide our way. Our governments committed themselves again in May to seek an end to the painful division of Europe. We have never accepted this division. The people of every nation have the right to determine their own way of life in freedom.

Of course, we have all supported German reunification for four decades. And in our view, this goal of German unification should be based on the following principles.

First, self-determination must be pursued without prejudice to its outcome. We should not at this time endorse nor exclude any particular vision of unity. Second, unification should occur in the context of Germany's continued commitment to NATO and an increasingly integrated European Community, and with due regard for the legal role and responsibilities of the allied powers. Third, in the interests of general European stability, moves toward unification must be peaceful, gradual, and part of a step-by-step process. Lastly, on the question of borders, we should reiterate our support for the principles of the Helsinki Final Act.

An end to the unnatural division of Europe and of Germany must proceed in accordance with and be based upon the values that are becoming universal ideals, as all the countries of Europe become part of a commonwealth of free nations. I know my friend Helmut Kohl completely shares this conviction.

The political strategy for NATO that we agreed upon last May makes the promotion of greater freedom in the East a basic element of alliance policy. Accordingly, NATO should promote human rights, democracy, and reform within Eastern countries as the best means of encouraging reconciliation among the countries of Eastern and Western Europe.

This effort recalls the origin of NATO as a political alliance of nations sharing the same fundamental values, a foundation on which I expect NATO will increasingly build in this new age of Europe.

Alliance support for reform and positive change in the East needs to be broad, multifaceted, and flexible. It should not only be a question of economic assistance—as important as that might be—but of steps to support greater political pluralism, open up flows of information, develop needed technical expertise, and provide through our defense and arms control efforts a stable security environment for individual European states, both East and West. This fits the concept of "New Missions for NATO" which I proposed when I was here last May for our summit.

But we also must remain constant with NATO's traditional security mission. The potential for strife is inherent in any period of fundamental political transition. In seeking and preparing peaceful change, this alliance also must remain a reliable guarantor of peace in Europe, as it has been for 40 years. It unites the free states of the Atlantic community in sharing risks and responsibilities as we work together to nurture and guide the development of a new Europe.

As a defensive alliance and partnership of democracies, NATO should not be seen as threatening by the East; rather, it can help manage peaceful change in Europe in a way that preserves security and stability for all states. A healthy NATO will support both moves toward greater unity within Western Europe as well as the dissolution of barriers with the East.

Although this is a time of great hope, we must not blur the distinction between promising expectations and present realities. My government therefore remains committed to the alliance strategy for the prevention of war based on a mix of nuclear and conventional forces. I pledge today that the United States will maintain significant military forces in Europe as long as our allies desire our presence as part of a common security effort. As I said at NATO earlier this year, the United States will remain a European power. That means the United States will stay engaged in the future of Europe and in our common defense.

This is not old thinking; it is good thinking. Of course, I would like to see a less militarized Europe. Everyone here knows how strongly I support the progress being made in the negotiations on conventional forces in Europe toward an agreement that would reduce the size of the conventional forces on both sides of the East-West divide. This CFE agreement would dramatically cut back Warsaw Pact, particularly Soviet, force strength. This has great implications for the process of reform in Eastern Europe as well as for the security of Western Europe, and it would provide for a carefully managed and responsible set of allied reductions as well.

As we seek to adjust our military posture to the changing political climate, I can think of no better model than the CFE process as a way to coordinate our responses to the new requirements of European security. We must stand together for negotiated, coordinated, stabilizing reductions against a rush to throw off defense burdens, against a return to the narrow protection of self-interest that could be so dangerous at a time when European politics are in a state of flux rivaled in my adult life only by the immediate aftermath of the Second World War.

Yet the CFE process has not realized its full potential. Last May we agreed to seek an agreement within 1 year. We have made good progress since then, but too little and too slowly to take full advantage of the opportunity before us: the chance to ease the Soviet Army out of Eastern Europe and substantially reduce the risk of surprise attack and aggression. We as political leaders need to remain fixed on this goal and to reenergize our bureaucracies and negotiators to seize this urgent opportunity. I hope you agree with me on the need for action now. If we in this alliance are not equal to the changes that are going on in Europe around us, the CFE process could be overrun by events. That could be dangerous, and we must avoid it.

Similarly, we need to give thought to how the alliance can best maintain, in the midst of change, deterrence at the lowest possible level of forces. For that reason, I am prepared to look with an open mind at ways in which we can together achieve even lower levels of conventional and nuclear forces in Europe as part of a negotiated agreement.

Many of the values that should guide Europe's future are described in the Final Act of the Conference of Security and Cooperation in Europe. These values encompass the freedom of people to choose their destiny under a rule of law with rulers who are democratically accountable. I think we can look to the CSCE to play a greater role in the future of Europe.

Earlier this year, I suggested we expand the CSCE human rights basket to include free elections. Given the calls and commitments to elections in many nations to the East, this could be an excellent time for the CSCE to assume this additional mandate.

In addition, the economic basket of the CSCE has been underdeveloped. I suggested to Chairman Gorbachev this weekend that we could breathe new life into this aspect of CSCE by focusing on the practical questions involved in the transition from stagnant planned economies to free and competitive markets.

In sum, the 35 nations of the CSCE bridge both the division of Europe and the Atlantic Ocean. It is a structure that should be able to contribute much to the future architecture of Europe.

I also appreciate the vital role the EC must play in the new Europe. Before my trip to Malta, President Mitterrand called to share with me the view about recent events expressed at the EC meeting he had called. And I know the Community will be returning to these topics in Strasbourg later this week.

It's my belief that the events of our times call *both* for a continued, perhaps even intensified, effort of the 12 to integrate, *and* a role for the EC as a magnet that draws the forces of reform forward in Eastern Europe. That's why I was exceptionally pleased that we agreed at the Paris economic summit on a specific role for the EC in the Group-of-24-effort to assist Poland and Hungary. Now the G–24, catalyzed by EC efforts, must deliver. One key step is to help Poland assemble the $1 billion stabilization fund it has requested to support the major macroeconomic overhaul plan it intends to put in place within weeks.

I recognize, of course, that the EC cannot bear this burden alone. The United States will be at the Community's side in this noble endeavor. I also am committed to a close U.S. partnership with the EC. We are bound together by common values and democratic institutions, as well as by shared interests. So, we should look for ways to improve our ties, so a new Atlanticism will pull in harness with a new Europe.

We stand on the threshold of a new era. We know that we are contributing to a process of history driven by peoples determined to be free. The people of Europe, especially the brave citizens of the East, are illuminating the future. Yet the outcome is not predestined. It depends on our continued strength and solidarity as an alliance. It depends vitally on the actions we take, as governments and individuals, to offer leadership, protection, and encouragement for this process of peaceful transformation.

Europe is changing, and we will be equal to the change. Our transatlantic partnership can create the architecture of a new Europe and a new Atlanticism, where self-determination and individual freedom everywhere replace coercion and tyranny, where economic liberty everywhere replaces economic controls and stagnation, and where lasting peace is reinforced everywhere by common respect for the rights of man.

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126. A New Europe and a New Atlanticism

Address by Secretary of State Baker Before the Berlin Press Club, Berlin, December 12, 1989[40]

It is a great honor for an American to speak at this time in this city. For me and for millions of my fellow citizens, Berlin is the crucible of half a century of history.

—Here we have seen clearly what elsewhere hid in shadows.

—Here the ambiguous disclosed its true nature.

—Here we made the choices and took the stands that shaped today's world.

In 1945, pictures of a bombed-out Berlin brought home to us the terrible cost of war.

In 1948, the Soviet Union stalked out of the Four Power Control Commission and blockaded Berlin—the clear declaration of cold war.

In 1953, Berliners staged the first popular revolt against Soviet tyranny in Eastern Europe.

In 1961, the Berlin Wall closed the last escape hatch from the prison camp of nations which Eastern Europe had become.

In 1971, the Quadripartite Agreement on Berlin[41] epitomized the terrible dilemma of détente—the proposition that cooperation between East and West assumed the continued division of this continent.

Then in 1989, the important event—certainly the most dramatic—of the postwar era occurred right here in Berlin.

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[40] Source: *Current Policy* No. 1233, Bureau of Public Affairs, Department of State, December 1989. Secretary Baker spoke at the Steigenberger Hotel. He visited London, December 11; Berlin, December 11–12; Bonn, December 12; Brussels, December 12–15; and St. Martin, French West Indies, December 16 en route to Washington. After this address in Berlin, Baker met in Potsdam with Hans Modrow, Prime Minister of the German Democratic Republic, and following that meeting, he met with church leaders from the GDR.

[41] For text of the Quadripartite Agreement on Berlin, September 3, 1971, see *Documents on Germany, 1944–1985* (Washington, n.d.), pp. 1133–1143.

On November 9, the wall became a gateway. Berliners celebrated history's largest, happiest family reunion. And all of us who watched these scenes felt once again: We are all Berliners.

Once more, images from Berlin flashed around the world, images that again heralded a new reality. This new reality has its roots in those older Berlin scenes—the scenes of West Berlin's dramatic postwar reconstruction; the scenes of Allied aircraft supplying a blockaded city; the scenes of American and Soviet tanks facing off at Checkpoint Charlie.

By standing together, in Berlin as elsewhere, Western nations created the essential preconditions for overcoming the division of this city, of this nation, and of this continent.

As these recent events have unfolded, the Soviet Union has shown a remarkable degree of realism. And President Gorbachev deserves credit for being the first Soviet leader to have the courage and foresight to permit the lifting of repression in Eastern Europe.

But the real impulse for change comes from an altogether different source: the peoples of Poland, of Hungary, of Czechoslovakia, of Bulgaria, and of East Germany. They have freed themselves.

From the Baltic to the Adriatic, an irresistible movement has gathered force—a movement of, by, and for the people. In their peaceful urgent multitude, the peoples of Eastern Europe have held up a mirror to the West and have reflected the enduring power of our own best values. In the words of Thomas Jefferson, the first American Secretary of State: "Nothing is more certainly written in the book of fate than that these people are to be free." The changes amount to nothing less than a peaceful revolution.

Now, as President Bush stated last week, "the task before us is to consolidate the fruits of this peaceful revolution and provide the architecture for continued peaceful change."[42]

The first step is for free men and women to create free governments. The path may appear difficult, even confusing, but we must travel it with understanding. For true stability requires governments with legitimacy, governments that are based on the consent of the governed.

The peoples of Eastern Europe are trying to build such governments. Our view, as President Bush has told President Gorbachev, is that the political and economic reforms in the East can enhance both long-term stability in Europe and the prospects for *perestroika*. A legitimate and stable European order will help, not threaten, legitimate Soviet interests. An illegitimate order will provide no order at all.

Free men and free governments are the building blocks of a Europe whole and free. But hopes for a Europe whole and free are tinged with concern by some that a Europe undivided may not necessarily be a Europe peaceful and prosperous. Many of the guideposts that brought us securely through four sometimes tense and threatening decades are now coming down. Some of the divisive issues that once brought conflict to Europe are reemerging.

As Europe changes, the instruments for Western cooperation must adapt. Working together, we must design and gradually put into place a new architecture for a new era.

This new architecture must have a place for old foundations and structures that remain valuable—like NATO—while recognizing that they can also serve new collective purposes. The new architecture must continue the construction of institutions—like the EC—that can help draw together the West while also serving as an open door to the East. And the new architecture must build up frameworks—like the CSCE process—that can overcome the division of Europe and bridge the Atlantic Ocean.

This new structure must also accomplish two special purposes.

First, as a part of overcoming the division of Europe, there must be an opportunity to overcome, through peace and freedom, the division of Berlin and of Germany. The United States and NATO have stood for unification for 40 years, and we will not waver from that goal.

Second, the architecture should reflect that America's security—politically, militarily, and economically—remains linked to Europe's security. The United States and Canada share Europe's neighborhood.

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[42] See *supra*.

As President Bush stated in May: "The United States is and will remain a European power."[43] And as he added lask week: "The U.S. will maintain significant military forces in Europe as long as our Allies desire our presence as part of a common security effort."[44] This is our commitment to a common future, a recognition of a need for an active U.S. role in Europe, a need even acknowledged by President Gorbachev.

The charge for us all, then, is to work together toward *the New Europe and the New Atlanticism.*

In May of this year, President Bush suggested to his NATO colleagues that it was time to begin considering new missions for NATO.

For over 40 years, the North Atlantic Treaty Organization has secured peace in Europe through both deterrence and dialog with the East. Today, NATO is working in Vienna to build a new security structure for Europe, one in which the military component is reduced and the political is enhanced. This is NATO's first new mission.

A conventional forces agreement is the keystone of this new security structure. In May, NATO adopted President Bush's suggestion to seek such an agreement on an accelerated timetable. President Gorbachev has responded to this opportunity positively. And we have moved significantly closer to concluding an agreement limiting conventional armaments from the Atlantic to the Urals. In Malta, President Bush proposed a summit meeting to sign such an agreement in 1990.

Today, I further propose that the ministers of the 23 NATO and Warsaw Pact nations take advantage of our February meeting in Ottawa, where we will launch the "open skies" negotiations, to review the status and give a further push to the Vienna talks on conventional forces.

As we construct a new security architecture that maintains the common defense, the nonmilitary component of European security will grow. Arms control agreements, confidence-building measures, and other political consultative arrangements will become more important. In such a world, the role of NATO will evolve. NATO will become the forum where Western nations cooperate to negotiate, implement, verify, and extend agreements between East and West.

In this context, the implementation and verification monitoring of a conventional forces agreement will present a major challenge for enduring security. NATO must make an important contribution.

I, therefore, invite allied governments to consider establishing a NATO arms control verification staff. Verification will remain a national responsibility. But such a new staff would be able to assist member governments in monitoring compliance with arms control and confidence-building measures in Europe. A NATO organization of this sort could be valuable in assisting all allies and coordinating the implementation of inspections. It could provide a clearinghouse for information contributed by national governments, perhaps joining with collective European efforts through the Western European Union.

As the East-West confrontation recedes, and as the prospects for East-West cooperation advance, other challenges for European and Atlantic security will arise. They point to NATO's second new mission. Regional conflicts—along with the proliferation of missiles and nuclear, chemical, and biological weapons—present growing dangers. Intensified NATO consultations on these issues can play an important role informing common Western approaches to these various threats.

Third, NATO should also begin considering further initiatives the West might take, through the CSCE process in particular, to build economic and political ties with the East, to promote respect for human rights, to help build democratic institutions, and to fashion, consistent with Western security interests, a more open environment for East-West trade and investment.

Finally, NATO may have its greatest and most lasting effect on the pattern of change by demonstrating to the nations of the East a fundamentally different approach to security. NATO's four decades offer a vision of cooperation, not coercion; of open borders, not iron curtains. The reconciliation of ancient enemies, which has taken place under the umbrella of NATO'S collective security, offers the nations of Eastern Europe an appealing model of international relations.

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[43] See Document 123.

[44] See *supra.*

Whatever security relationships the governments of Eastern Europe choose, NATO will continue to provide Western governments the optimal instrument to coordinate their efforts at defense and arms control and to build a durable European order of peace. The interests of Eastern Europe and, indeed, the interests of the Soviet Union will be served by the maintenance of a vigorous North Atlantic Treaty Organization.

The future development of the European Community will play a central role in shaping the new Europe.

The example of Western cooperation through the European Community has already had a dramatic effect on Eastern attitudes toward economic liberty. The success of this great European experiment, perhaps more than any other factor, has caused Eastern Europeans to recognize that people as well as nations cooperate more productively when they are free to choose. The ballot box and the free market are the fundamental instruments of choice.

But the European experiment has succeeded not just because it has appealed to the enlightened self-interest of European producers and consumers. This experiment has succeeded because the vision of its founders encompassed and yet transcended the material. This experiment has succeeded because it also held out the higher goal of political as well as economic barriers overcome, of a Europe united.

This was the goal of Monnet and Schumann. This was the goal supported by the United States of Marshall and Acheson. This was the goal contained in the Treaty of Rome and more recently in the European Single Act. The United States supports this goal today with the same energy it did 40 years ago.

Naturally the United States seek a European Community open to cooperation with others. We believe Americans will profit from access to a single European market, just as Europeans have long profited from their access to a single American market. However, it is vital to us all that both these markets remain open—indeed, that both become even more open.

As Europe moves toward its goal of a common internal market, and as its institutions for political and security cooperation evolve, the link between the United States and the European Community will become even more important. We want our transatlantic cooperation to keep pace with European integration and institutional reform.

To this end, we propose that the United States and the European Community work together to achieve, whether in treaty or some other form, a significantly strengthened set of institutional and consultative links. Working from shared ideals and common values, we face a set of mutual challenges—in economics, foreign policy, the environment, science, and a host of other fields. So it makes sense for us to seek to fashion our responses together as a matter of common course.

We suggest that our discussions about this idea proceed in parallel with Europe's efforts to achieve by 1992 a common internal market so that plans for U.S.–EC interaction would evolve with changes in the Community.

The United States also encourages the European Community to continue and expand cooperation with the nations of the East. The promotion of political and economic reforms in the East is a natural vocation for the European Community. That is why we were exceptionally pleased with the agreement at the Paris economic summit that the European Commission should assume a special role in the Group of 24 effort to promote reform in Poland and Hungary.[45]

The United States has worked closely with the European Community in mobilizing economic and financial support for Hungary and Poland. Indeed, the United States has authorized almost $1 billion of assistance to these two nations. This week, we look to the Group of 24 meeting to move as close as possible toward achieving the $1 billion stabilization fund Poland requested to support its major move toward currency convertibility and macroeconomic reform.

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[45] See Document 62.

That should be just the start of our common labor. Poland and Hungary have 40 years of economic stagnation to overcome, and this will take time and our steady support. As Czechoslovakia, Bulgaria, and the German Democratic Republic undertake political and economic reforms comparable to those already under way in Poland and Hungary, we believe the activities of the Group of 24, centered around the EC, should be expanded to support peaceful change in these countries as well.

As the nations of Eastern Europe achieve more open political and economic systems, they may seek new relationships with the European Community, with the Council of Europe, and with other institutions serving both Europe and the broader international community. In fact, such ties could be fundamental to our strategy of rebuilding the economies of Eastern Europe through private capital and initiative: Private investors in Eastern Europe will want to know that they can sell their products in Western markets.

I am confident that creative new arrangements can be devised to encourage and sustain the process of political and economic reforms in the countries of Eastern Europe, while at the same time preserving the integrity and the vitality of existing institutions. We need to offer the nations of the East hope, opportunities that can be seized as they take steps toward democracy and economic liberty. Perhaps the recent work on an agreement between the EC and the six nations of the European Free Trade Association will set a pattern for improved ties with others.

We see no conflict between the process of European integration and an expansion of cooperation between the European Community and its neighbors to the East and West. Indeed, we believe that the attraction of the European Community for the countries of the East depends most on its continued vitality. And the vitality of the economic community depends in turn on its continued commitment to the goal of a united Europe envisaged by its founders—free, democratic, and closely linked to its North American partners.

The institution that brings all the nations of the East and West together in Europe, the Conference on Security and Cooperation in Europe, is in fact an ongoing process launched over 14 years ago in Helsinki. There have been different perceptions as to the functions of this CSCE process. Some saw the Helsinki Final Act of 1975 as a ratification of the status quo, the equivalent of a peace treaty concluding World War II, and thus the legitimization of Europe's permanent division. Others, however, saw this process as a device by which these divisions could be overcome.

The dynamic concept of the CSCE process has prevailed. In 1975, the governments of Eastern Europe may not have taken seriously their commitments to respect a wide range of fundamental human rights. Their populations did. The standards of conduct set by the Helsinki Final Act are increasingly being met through international pressure and domestic ferment. Last month, here in Berlin, we witnessed one of the proudest achievements of the CSCE process as the G.D.R. fulfilled its commitment to allow its people to travel freely.

Now it's time for the CSCE process to advance further. We can look toward filling each of its three baskets with new substance.

First, we can give the security basket further content through the 35-nation negotiations on confidence-building measures currently underway in Vienna. The agreements under consideration there should help prevent force, or the threat of force, from being used again in an effort to intimidate any European nation. Apart from reducing further the risk of war, new confidence-building measures can create greater openness. They can institutionalize a predictable pattern of military interaction, a pattern that is difficult to reverse and that builds a new basis for trust.

Second, the relatively underdeveloped economic basket can assume new responsibilities. President Bush suggested to President Gorbachev at Malta that we could breathe new life into this CSCE forum by focusing it on the conceptual and practical questions involved in the transition from stalled, planned economies to free, competitive markets. When our nations meet in Bonn in May of next year to discuss economic cooperation, I suggest we concentrate on this issue.

Third, the CSCE process has made its most distinctive mark in the field of human rights. One fundamental right, however, has not yet been fully institutionalized. This is the right for people to choose, through regular, free, open, multiparty elections, those who will govern them.

This is the ultimate human right, the right that secures all others. Without free elections, no rights can be long guaranteed. With free elections, no rights can be long denied.

On May 31, in Mainz, President Bush announced a major new Helsinki initiative to help end the division of Europe. He called for free elections and political pluralism in all the countries of Europe. Now this is coming to pass.

In June, the United States and the United Kingdom cosponsored a free elections initiative at the CSCE human rights meeting in Paris. This proposal called on all 35 CSCE participating states to allow periodic, genuine, and contested elections based on universal and equal suffrage, by secret ballot, and with international observers. Individuals would be allowed to establish and maintain their own political parties in order to ensure fully democratic procedures.

Free elections should now become the highest priority in the CSCE process. In 1945, Joseph Stalin promised free elections and self-determination for the peoples of Eastern Europe. The fact that those elections were not free, and that those peoples were not allowed to determine their destiny, was a fundamental cause of the cold war.

Now this Stalinist legacy is being removed by people determined to reclaim their birthright to freedom. They should not be denied. They will not be denied.

As all or nearly all the CSCE states move toward fully functioning representative governments, I suggest we consider another step: We could involve parliamentarians more directly in CSCE processes, not only as observers as at present but perhaps through their own meetings. To sustain the movement toward democracy, we need to reinforce the institutions of democracy.

A new Europe, whole and free, must include arrangements that satisfy the aspirations of the German people and meet the legitimate concerns of Germany's neighbors. Before the *Bundestag* on November 28, Chancellor Kohl laid out an approach designed to achieve German aspirations in peace and freedom.[46] At last week's NATO summit, President Bush reaffirmed America's longstanding support for the goal of German unification. He enunciated four principles that guide our policy, and I am pleased to note these ideas were incorporated into the statement issued last week by the leaders of the European Community nations at Strasbourg.[47]

—One, self-determination must be pursued without prejudice to its outcome. We should not at this time endorse nor exclude any particular vision of unity.

—Two, unification should occur in the context of Germany's continued commitment to NATO and an increasingly integrated European Community and with due regard for the legal role and responsibilities of the Allied powers.

—Three, in the interests of general European stability, moves toward unification must be peaceful, gradual, and part of a step-by-step process.

—Four, on the question of borders, we should reiterate our support for the principles of the Helsinki Final Act.

President Bush concluded that "an end to the unnatural division of Europe, and of Germany, must proceed in accordance with and be based upon the values that are becoming universal ideals, as all the countries of Europe become part of a commonwealth of free nations."

As an American, I am proud of the role my nation has played and will continue to play standing with you. Yet this very positive course will not be easy, nor can it be rushed. It must be peaceful. It must be democratic. It must respect the legitimate concerns of all the participants in the new Europe.

As Berlin has stood at the center of a divided Europe, so it may stand at the center of a Europe whole and free—no longer the embattled bastion of freedom but instead a beacon of hope for a better life.

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[46] For text of Kohl's 10-point program for overcoming the division of Germany and Europe, see German Information Center, *Statements & Speeches*, vol. XII, No. 25, December 19, 1989.

[47] For text of the European Community's declaration on Central and Eastern Europe, December 9, see European Community *News*, December 11, 1989, pp. 11–12.

My friends, the changes we see underway today in the East are a source of great hope. But a new era brings different concerns for all of us. Some are as old as Europe itself. Others are themselves the new products of change.

Were the West to abandon the patterns of cooperation that we have built up over four decades, these concerns could grow into problems. But the institutions we have created—NATO, the European Community, and the CSCE process—are alive. Rooted in democratic values, they fit well with the people power that is shaping history's new course.

More important, these institutions are also flexible and capable of adapting to rapidly changing circumstances. As we adapt, as we update and expand our cooperation with each other and with the nations of the East, we will create a new Europe on the basis of a new Atlanticism.

NATO will remain North America's primary link with Europe. As arms control and political arrangements increasingly supplement the still vital military component of European security, NATO will take on new roles.

The European Community is already an economic pillar of the transatlantic relationship. It will also take on, perhaps in concert with other European institutions, increasingly important political roles. Indeed, it has already done so, as evidenced by the Community's coordination of a Western effort to support reform in Eastern Europe. And as it continues to do so, the link between the United States and the European Community should become stronger, the issues we discuss more diversified, and our common endeavors more important.

At the same time, the substantive overlap between NATO and European institutions will grow. This overlap must lead to synergy, not friction. Better communication among European and transatlantic institutions will become more urgent.

The CSCE process could become the most important forum of East-West cooperation. Its mandate will grow as this cooperation takes root.

As these changes proceed, as they overcome the division of Europe, so too will the divisions of Germany and Berlin be overcome in peace and freedom.

This fall, a powerful cry went up from the huge demonstrations in Leipzig, Dresden, and Berlin: "We are the people!" the crowds chanted at the party that ruled in their name. On the other side of the globe, Lech Walesa was addressing the U.S. Congress, thanking America for supporting Polish liberty. He began with words written 200 years ago, the words that open the U.S. Constitution: "We the people."

Between 1789 and 1989, between the expressions "We the people" and "We are the people," runs one of history's deepest currents. What the American Founding Fathers knew, the people of East Germany and Eastern Europe now also know—that freedom is a blessing but not a gift; that the work of freedom is never done, and it is never done alone. Between the America of "We the people" and the Europe of "We are the people," there can be no division. On this basis, a new Atlanticism will flourish, and a new Europe will be born.

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127. "NATO Will Have To Adapt To Meet New Challenges"

Address by Secretary of State Baker Before the North Atlantic Council, Brussels, December 15, 1989[48]

Last May, we celebrated the 40th anniversary of this Alliance. On that occasion, President Bush described his vision of a Europe whole and free—a Europe where the principles of self-determination, free elections, and political pluralism are the rule for all Europeans. He demanded once again that the Berlin wall come down. Some termed his call illusory and Utopian.

But we now know that he expressed realistic aspirations—aspirations that have guided this Alliance for over 40 years. Today, our words and dreams are becoming realities as the peoples of Eastern Europe are successfully demanding the very same freedoms that underpin this Alliance.

The political transformations of the Soviet Union and Eastern Europe together constitute the most salient strategic fact of our time. As I said in San Francisco just 2 months ago, "Our fundamental values and interests will endure. But as our strategic environment is transformed, we need to look anew at some of our guiding concepts and approaches. Many long-held assumptions may need to be rethought. Strategy aligns ends and means, as both shift, strategy may have to shift, too.[49]

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[48] Source: Secto 19020 from the Embassy in Belgium to the Department of State, December 15, 1989. Department of State files. Secretary Baker addressed the North Atlantic Council ministerial meeting which was held December 14–15.

In our view, NATO will have to adapt to meet the new challenges it faces. Today, I'd like to discuss with you what we consider to be some new missions the Alliance will have to pursue in the next decade. And Mr. Secretary-General, you have just posed some very important questions to us and asked for our views and ideas; and in speaking to these new missions, I am responding to your request.

First, in our view, NATO should guide the creation of a new security structure in Europe, seizing the opportunity of *perestroika* in the USSR and reform in Eastern Europe to enhance the political component of our security while maintaining the common defense.

Second, NATO should increase consultations and provide a forum for the allies to work together to cope with new threats on the horizon.

Third, NATO should work toward building an enduring peace by moving to institutionalize more stable and more democratic European political arrangements. If we work together, especially through the CSCE process, we can enhance the power of European and transatlantic democratic institutions.

Fourth, in meeting its new missions, the Alliance can increasingly stand as an exemplar for others: a political compact, fundamentally defensive in nature, that ensures collective security and provides a mechanism for stability in a new world.

In my view, these four missions present the greatest challenges to NATO's ability to adapt to a rapidly changing world. I am, of course, interested in hearing others' views about the challenges facing the Alliance. I raised these ideas in Berlin[50] without preconceptions about the single best approach for coping with them; my aim is to begin a considered and reasoned discussion among the allies. Allow me to touch upon each of these new missions in turn.

I. Restructuring the Security Structure

The changes reshaping the political and economic landscape of Europe create the first challenge we believe the Alliance will face: namely, working toward transforming the security structure of Europe by translating political changes into new military realities. *Perestroika*, the new thinking, and the broader political changes sweeping the Soviet Union and Eastern Europe present opportunities to lock-in a new security structure in Europe.

We cannot assume that any Eastern reforms will irreversibly alter our security for the better if the military dimension is left out. Moscow may be losing some of its Marxist-Leninist fervor, but it will remain the strongest military power on the continent. It will continue to have the potential for coercing its neighbors and threatening West European security.

Arms control can be an important tool for transforming strategic realities. Securing enduring agreements now can help ensure that the receding threat will become forever remote. We need to ensure that Gorbachev's new thinking is reflected in Soviet and Warsaw Pact force structures. We have the ready made tool at hand in CFE.

The Alliance's CFE proposal is sound, and I believe we can achieve an agreement with the East next year. The Soviets have moved closer to the Western position. They, too, appear eager to accomplish this task. Indeed, as we discussed earlier today, the Warsaw Pact intends to table its new proposal today.

So our decision earlier today was very important to prevent our losing momentum in the CFE negotiations. President Bush made it clear last week that our government is prepared to invest the resources and support to maintain a pace leading to fulfillment of our agreed goal of a CFE treaty to be signed in 1990.[51] It was in this vein that I proposed in Berlin that we use the upcoming open skies conference to push CFE further forward. Our efforts to change military realities in Eu-

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[49] See Document 27.

[50] See *supra*.

[51] See Document 125.

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rope must keep pace with increasingly accelerating political change.

Of course, we should also press for rapid progress in Ottawa toward creating an open skies regime. The information we obtain from such a regime could, in and of itself, make a major contribution to our common security. An effective open skies regime can provide real transparency and insight into a Soviet military establishment that remains largely closed to outside scrutiny, inhibit Soviet resort to force in a crisis, and aid in verifying strategic, conventional, and chemical weapons arms control agreements. It also will serve as a tangible demonstration of our commitment to increase openness and relax tensions in East-West relations.

In Berlin on Tuesday, I proposed that NATO consider establishing an arms control verification staff to assist member governments in monitoring compliance with arms control measures verification will remain a national responsibility. A NATO staff would not substitute for national staffs; rather, it could coordinate inspections on Eastern territory, assemble and maintain a data bank and provide training, as needed, for inspectors. If appropriate, it can work in tandem with European efforts aimed at augmenting their national capabilities.

These measures, along with our efforts in the CSBM negotiations and next month's military doctrine seminar, are an essential part of the framework for the free and open Europe that all of us wish to see.

But we need to think beyond the next 6 months. We need to consider additional arms control and confidence-building measures that would reinforce the irreversibility of reforms and the new security structure that CFE will in part create.

At the same time, NATO's traditional tasks must not be forgotten. We must maintain our security in this changing strategic environment.

In my consultations with Alliance colleagues early this year, I was reminded that our strategy for keeping the peace ultimately rests on the support it receives from those we serve. I was heartened by the fact that public support for NATO has remained strong, but our strategy will retain support only if it continues to make strategic sense: politically, militarily, technologically, and economically.

We will need to look anew at our security structures in light of the changing realities we are facing, particularly those that will be created by CFE. And as President Bush made clear here last week, we are prepared to look with an open mind at ways in which we can together achieve even lower levels of conventional and nuclear forces in Europe as part of negotiated agreements.

As the President also made clear, the United States will maintain significant nuclear and conventional forces in Europe as long as our allies desire our presence as part of a common security effort. We look forward to continued close consultations with other members of the alliance to how we can best fulfill that role.

II. New Security Threats to the Nations of NATO

Second, as the traditional threat from the USSR and the Warsaw Pact recedes, we should recognize the existence of emerging threats beyond our traditional boundaries. Our consultations in NATO will allow us to work together and with other like-minded countries in a number of fora to devise common Western responses to new threats.

A united Europe cannot be an insular Europe. Making Europe whole and free is not enough. Making Europe secure from armed conflict from one quarter is not enough. The economic well-being and political influence which the Alliance has fostered for a generation can be challenged by dangers from new quarters.

The irony of our era is that as we succeed in bringing about a more stable military situation in Europe, we may have overlooked the looming military threats across the globe. Indeed, while working to make Europe safe from war in this century and beyond, we must also take the necessary steps to prevent the West from being drawn into or affected by conflicts elsewhere.

Regional conflicts outside Europe—in the Middle East, South Asia, and North Africa—have in the past threatened our own security. These threats go beyond the important economic impact of oil prices. They go beyond the legal right of free access to international waters. What happens in the research labs and defense factories of Third World countries today could be facing any of us tomorrow in the Mediterranean, the Gulf or more insidiously under the hood of our automobiles.

The members of the Alliance should redouble their efforts to stem the threat of chemical weapons through tighter export controls as well as through accelerated progress towards a global chemical weapons ban Similarly, if the Alliance is to realize its full potential as a vehicle for peaceful change, its members should further develop common approaches toward the export of destablilizing military technologies. New mechanisms like the missile technology control regime will be needed and should be strengthened. It makes little sense to promote arms control in Europe, aimed at eliminating the possibility of a surprise attack, while ignoring the growing danger of surprise attack elsewhere against countries threatened by their neighbors' new missile capabilities.

III. Institution Building for an Enduring Peace

Third, NATO can help ensure that these peaceful political and economic revolutions in Eastern Europe deepen, spread, and succeed. The initial steps—although moving and dramatic—are in some ways the easiest. The next steps, decentralizing planned economies and extending full civil liberties to all citizens, are proving to be much more difficult and complicated for would-be reformers.

Now that events are moving in our direction, we must ensure that those in power in the East do not retreat from the path their peoples have chosen. We must build institutional links so that reforms become irreversible. No one institution can do it all, each Western institution—whether NATO, the EC, or CSCE—can play a vital role. As Europe acquires a more distinct voice in the political and security spheres, the overlap between European and Atlantic organizations will grow. This overlap can be a source of creativity and strength as long as these organizations work out arrangements to operate together effectively. We would welcome the thoughts of our European partners as to how this might be accomplished.

On economic reform, the West is already engaged. All of us are participating in the G–24 effort to provide economic assistance to reforming countries. We applaud the European Community's leadership in this effort.

As other Eastern countries join in seeking economic and political freedoms, the G–24 and appropriate international economic institutions must examine how our efforts might be tailored to assist these countries as well as we decided yesterday. And as we engage in additional efforts, it is vital that we as allies consult closely to ensure our resources are being targeted effectively, ever mindful of our long-term political and strategic goals.

We support a process of peaceful and gradual change in the GDR. I came away from my meetings with Hans Mogrow and with the church opposition leaders in Potsdam on Tuesday with a fresh appreciation of the staggering tasks facing the reformers. While both Mogrow and the opposition leaders see reform as irreversible, they are also clearly apprehensive about the road ahead. We need to think carefully about how we can help the process of peaceful change while enhancing legitimacy of transition arrangements in the GDR and elsewhere in Eastern Europe.

As pleased as we are with recent developments, the East has a long path to travel before democratic institutions and the rule of law are assured. CSCE can be an increasingly powerful instrument for moving us jointly down this path. It represents a dynamic process in which the U.S. and Canada are actively participating to achieve greater security and more stable relations in Europe as a whole. We should give careful thought to how we can build upon the accomplishments of the Helsinki Act to enlarge further the bounds of freedom and East-West cooperation. We should set for ourselves a goal that populace will be guaranteed full expression through free, fair, and open elections. We need to press to see that rights and freedoms to which the East is pledged are institutionalized in law and in practice.

IV. A Model for Change

Finally, in meeting its traditional security mission by adapting to the new challenges, the Alliance may have its greatest long-term effect on the pattern of change by demonstrating to the Soviet Union and the states of Eastern Europe our fundamentally different approach to collective security. As I said in Berlin on Tuesday, the reconciliation of ancient enemies, which has taken place under the umbrella of NATO's collective security, offers all nations an appealing model of international relations.

NATO's future is not in doubt. Whatever security relationships the governments of Eastern Europe choose, NATO will continue to provide Western governments a stable framework in which they can coordinate their efforts at defense and arms control in building a new European order.

The interests of all, including the peoples of the Soviet Union and Eastern Europe, will best be served by a vigorous North Atlantic Treaty Organization—an Alliance that can adapt to change and fulfill the new missions of our time.

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128. Continuing Importance of the Alliance in Overcoming the Division of Europe

Communiqué Issued by the North Atlantic Council, Brussels, December 15, 1989[52]

For the past two days, we have met for an intensive review of the accelerating political change in Central and Eastern Europe that is evidence of a profound transformation underway in the nature of postwar Europe. We stand at the threshold of a new era in which the democratic values which are at the heart of our Alliance and part of the European heritage are increasingly shared throughout the continent. Our task is to help advance and consolidate that welcome movement towards greater freedom within conditions of peace and strengthened stability. We have discussed ways to seize new opportunities to bring our vision of an undivided Europe of the future to reality.

I

A Period of Historic Change

1. Since our meeting of Heads of State and Government in May, there have been increasingly dramatic advances towards greater democracy and freedom in most Eastern European countries. Through the long dream of opening of borders, the free flow of people and ideas between the countries of East and West has accelerated. There has been widening recognition of the need for reform towards more market-oriented economies and individual choice.

2. These changes testify to the indomitable spirit of the people in each of these countries. They confirm our long-held conviction that the aspirations common to all people to fundamental rights and freedoms will ultimately prevail in the whole of Europe.

3. Positive change amongst Soviet allies in Europe has been given impetus and unprecedented margin for action by the reforms the Soviet Union has undertaken in the domestic, political and economic spheres and in reorientation of its foreign policy that breaks with the past in a number of fundamental respects. As the Soviet Union continues to translate such policies into consistent and credible action, the possibilities for increased mutually beneficial co-operation between the countries of the East and the West will substantially increase.

4. There has been significant progress in expanding constructive dialogue and co-operative action into a broader range of fields. Contacts and exchanges, including in the military domain, have multiplied. There is progress and hope in the ongoing arms control negotiations. Our countries have recently intensified high-level dialogue with the Soviet Union and other countries of the East. In this regard, we have especially welcomed the meetings of Presidents Bush and Mitterrand, Chancellor Kohl, and Prime Ministers Thatcher, Andreotti and Mulroney with Soviet President Gorbachev, and we have noted the bilateral declarations issued.

5. We are aware that the current processes of change underway are still at an early stage and the progress achieved must be consolidated. Many problems remain. The rule of law and democratic government through free elections have yet to be fully institutionalised. In many instances, basic rights are still denied and the pace towards genuine democracy is uneven. Furthermore, we cannot ignore the military realities that our Alliance continues to face and which lie at the heart of Europe's security problems. Important differences remain with the Soviet Union over various

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[52] Source: *NATO Review*, December 1989, pp. 24–26.

regional conflicts, affecting opportunities for overall progress in East-West relations.

Overcoming the Division of Europe

6. We have called for these far-ranging changes since the inception of our Alliance. We have long sought a just and lasting order of peace in Europe, based on full respect for the human rights and political freedoms of all individuals, and on the security of all states from threats of aggression or intimidation. Building upon our dual approach to East-West relations contained in the Harmel Report, the NATO Summit Declaration of this past May reaffirmed our continuing support for the development of these freedoms. At the meeting of the Alliance Heads of State and Government in Brussels on 4th December, we agreed to intensify the implementation of this concerted approach.

7. We want the reforms in Central and Eastern Europe to succeed peacefully and democratically. We are determined to facilitate and promote them without seeking one-sided advantage. We will scrupulously respect all the principles of the Helsinki Final Act, as we expect all other signatories to do. We do not seek to impair the legitimate security interests of any state.

8. We are aware that each country within Europe is unique and that this diversity must be respected and allowed to express itself. As regards Eastern Europe, it is up to each country there to solve its own problems through reforms from within. But we think we also can play a constructive role both within the framework of our Alliance and in our respective bilateral relations and regional co-operation efforts.

9. We are witnessing rapid progress towards democracy and freedom in the GDR and the Eastern sector of Berlin. The restoration of freedom of movement was a particularly moving event. The Wall, which has divided Berlin for nearly three decades, has been breached.

Fresh opportunities exist to overcome the division of Europe and thereby of Germany and in particular of Berlin. This new situation opens the way to increasingly close co-operation between the two German States.

We seek the strengthening of the state of peace in Europe in which the German people will regain its unity through free self-determination. This process should take place peacefully and democratically, in full respect of the relevant agreements and treaties and of all the principles defined by the Helsinki Final Act, in a context of dialogue and East-West co-operation. It also has to be placed in the perspective of European integration.

The Continued Importance of the Alliance

10. These events challenge us to look at our own responsibilities as Allies. The Atlantic Alliance serves as the essential basis for the security of our peoples. By keeping the peace for the past four decades it has enabled our peoples to prosper in freedom and democratic values to serve as an inspiration for other societies. In the midst of change and uncertainty, the Alliance remains a reliable guarantor of peace. It will provide an indispensable foundation of stability, security and co-operation for the Europe of the future.

11. To that end, solidarity among the democracies of North America and Western Europe within the framework of the Alliance will continue to be essential. Our Alliance is based on the principle of the indivisibility of security for all member countries and its goal is that of war prevention. For the foreseeable future, there is no alternative to the Alliance strategy of deterrence for the prevention of war, based upon both nuclear and conventional forces. We shall ensure the viability and credibility of these forces, while maintaining them at the lowest possible level consistent with our security requirements. The presence of North American conventional and nuclear forces in Europe will remain vital.

12. We will continue to play a decisive role in the pursuit of timely and orderly progress of arms control and disarmament. We remain committed to the full and prompt achievement of the objectives set out in the Comprehensive Concept of Arms Control and Disarmament, adopted in May 1989.

13. At the same time, the Alliance will increasingly be called upon to carry out its political function. Recalling the origins of the North Atlantic Treaty as a political alliance built upon common fundamental values, our leaders affirmed at the May 1989 Summit that the Alliance must reintensify its own efforts to overcome the division of Europe. In doing so, it must take up new challenges. Our task therefore

is to use actively and creatively the potential of our Alliance in the pursuit of political change within stability. Our political approach in support for positive change must be multifaceted and dynamic, seeking to encourage political pluralism, free flow of information, and co-operative action in dealing with common problems.

The Future of Europe

14. Our Alliance will make an essential contribution to the emergence of a Europe no longer divided. This most challenging of our common tasks transcends the resources of either Western Europe or North America alone. For that reason the Atlantic Alliance is unique in bringing together all our democracies in joint effort in support of our security and political objectives and providing a framework for broad co-operation among ourselves.

15. Looking to the future we recognise the outlines of the political architecture of a Europe made whole and free, in the emergence and shaping of which we are determined to play a full part. We will further work to strengthen Western political and economic structures. The process of European integration will be central to the future of Europe, and its institutions are already playing a significant role in encouraging the forces of reform forward in Central and Eastern Europe. This integration process must remain a point of reference and attraction for these forces. This represents a natural development that goes hand-in-hand with the continued close partnership between the North American and European members of the Alliance, the cohesion of which remains a critical stabilising factor. We value the role of EFTA in this emerging framework. We also recognise the growing role of the Council of Europe in the larger European perspective.

16. In this context, the Conference on Security and Co-operation in Europe (CSCE) is destined to acquire a growing and central importance in all its aspects. It will continue to offer both an agreed set of principles for promoting peace, greater co-operation and democratic values and a means of giving these principles practical substance and effect.

II

Implementing our Approach

17. With a view to implementing the approach set out by Alliance Heads of State and Government at both their May 29th–30th and December 4th meetings in Brussels we have agreed on the following lines of action which are part of a continuing process:

18. We aspire to achieve the full promise of the CSCE process. Looking to the CSCE meetings scheduled over the next two years, we are determined to make full use of them as a means to promote peace and greater co-operation and to strengthen democratic institutions. The CSCE process in all of its aspects will bear fruit only if implemented in letter and spirit by all of the signatory countries, without exception. Thus, we are agreed on a renewed emphasis on full respect for the fundamental freedoms and rights within the Helsinki Final Act and subsequent commitments.

We are also committed to build upon the CSCE process. It has already brought encouraging results in the fields of confidence-building as an important element of security; human rights; economics; science and technology and environmental protection. We will pursue new opportunities in all of its fields. In particular, at the upcoming Copenhagen Conference on the Human Dimension we will explore ways to expand CSCE undertakings to include the explicit right to elections that are free and democratic. We will seek to energize the economic aspects of CSCE to focus on the practical questions involved in the transition to market-oriented economies. In this context, the Bonn Conference on Economic Co-operation could be an important step forward.

The Allies will be considering in the period ahead the usefulness and possible accomplishments of a CSCE meeting at a political level prior to the Helsinki Follow-up Meeting in 1992. A successful meeting would require careful preparation and clarity as to its intended purpose and goals.

19. Fundamental economic reform in Central and Eastern European countries will be necessary to strengthen and expand the basis for improved East-West economic relations. Consistent with our broad security concerns, we intend to encourage expanding economic and trade relations with the Eastern countries, in a differentiated

approach, commensurate with the progress of their economic and political reforms and as a means of further strengthening these positive changes. Such relations—based on commercially sound terms, mutual interest and reciprocity—will pave the way to an increased integration of these countries into the international economic system, which we support. An important task of East-West economic co-operation will be to explore means to expand Western experience and know-how to Eastern countries, by establishing co-operative and training programmes and exchanges in technical and managerial fields. In this regard, we support the process of rationalising existing export controls through a co-ordinated approach that allows greater support for reform in the East and for Western investment in those countries while protecting our security interests.

We fully support the efforts of the 24 countries co-ordinated by the Commission of the European Community to provide economic assistance to Poland and Hungary and will continue to respond to the urgent needs of these countries. We welcome the December 13th Declaration of the Ministers of the Group of 24,[55] in which we, in concert with our partners, have renewed our commitment to assistance for the restructuring of the Polish and Hungarian economies and expressed willingness to respond positively to other countries in Central and Eastern Europe, and in particular the German Democratic Republic, Czechoslovakia, Bulgaria, as well as Yugoslavia, at the time they put into place the necessary political and economic reforms.

20. Recent events have created new opportunities for the Allies to achieve the arms control objectives set out in the Alliance's Comprehensive Concept of Arms Control and Disarmament at the May Summit Meeting. This stressed the role of arms control as a vital and integral part of our security policy, and one which is embedded in our broader political agenda. We welcome recent high-level meetings which have helped to accelerate a range of arms control negotiations.

This is in particular true for the two distinct negotiations taking place within the framework of the CSCE process. Thus, the progress already achieved at the negotiations on Conventional Armed Forces in Europe (CFE) in Vienna strengthens our belief that an agreement can be signed in 1990 that would represent an important step towards a stable military balance in Europe at lower levels of armaments. We will intensify our efforts within our High Level Task Force (HLTF) to achieve this agreement and will instruct our delegations in Vienna accordingly. Its entry into force, and the prompt completion thereafter of the agreed reductions and limitations, will be accompanied and supported by arrangements for effective verification. Bearing in mind that verification is a national responsibility, we will consider how the Allies can best organise themselves to contribute to this task.

The conclusion of the CFE agreement will bring us a dramatic step further towards our goal of providing security for all at greatly reduced levels of forces. Building upon this crucial agreement we will look beyond it to discuss among the Allies further steps in arms control as we have affirmed in our Comprehensive Concept of Arms Control and Disarmament.

At the same time we will also work to achieve results in the CSBM negotiations, given the importance of encouraging openness and predictability in military affairs and thereby reinforcing mutual confidence. Recognising the importance of expanded dialogue on military matters, we welcome the Seminar on Military Doctrine to be held in Vienna in January 1990 in the framework of the CSBM negotiations.

Our goals of confidence and security will be further enhanced by an agreement on an Open Skies regime, designed to encourage reciprocal openness on the part of the participating states and to allow the observation of military activities and installations on their territories. Today we have agreed on a common position for the Ottawa Conference to be held in February 1990. The basic elements of our approach are set out in an annex to this communiqué.

We welcome the intention of the United States and the Soviet Union to accelerate the START process to resolve all substantive issues and, if possible, to conclude a treaty by the June 1990 US/Soviet Summit.

Since the impetus given by the Paris Conference on chemical weapons, new encouraging developments, such as the Canberra Conference, have occurred. We view these events and the recent proposals by President Bush aiming at the accelerated destruction of chemical weapons as important contributions towards the earliest possible success of the Geneva negotiations on a comprehensive, effectively verifiable, worldwide chemical weapons ban.

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[55] Document 152.

21. We will seek to stimulate the free flow of information between the countries of East and West by fostering greater awareness of our democratic societies and institutions and through educational interchange and legislative exchanges with newly vitalised legislatures in reforming Eastern countries. In this spirit, and in keeping with the Declaration of May 1989, we have established the NATO Democratic Institutions Fellowships, the purpose of which is to promote the study of our democratic structures by individuals from both East and West.

22. We are aware that for our fellow citizens security is more than just the prevention of war and must be seen in a broader perspective. Our consultations within the Alliance will allow us to work together and with other countries in a number of fora to devise common responses to new threats. As part of our international efforts at various levels we are engaging in co-operative endeavours, including with countries of the East, in such areas of common interest as the spread of destabilising military technologies, the fight against environmental degradation, terrorism, drug trafficking and the peaceful resolution of regional conflicts. For example, we are encouraged by the results of the Sofia CSCE Conference on the Environment, which represents a useful step towards the comprehensive and continued attention that all states must devote to this serious problem of common concern.

23. Current developments in international relations will necessitate intensification of our process of consultation and, where appropriate, political coordination. This will demand optimum use of the procedures of the Alliance. The latter constitutes the only forum for permanent discussion between the Atlantic partners based on an integrated approach to political, economic and military elements of security. Consistent with the decision taken at the May 1989 Summit we have received from the Council in Permanent Session recommendations to this effect. As a result, we are determined to further strengthen our consultation process.

24. The Spring 1990 Meeting of the North Atlantic Council in Ministerial Session will be held in the United Kingdom in June.

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129. "Purpose of Open Skies Is To Encourage Reciprocal Openness"

Declaration Issued by the North Atlantic Council, Brussels, December 15, 1989[54]

I. Introduction

1. On 12th May 1989, President Bush proposed the creation of a co-called "Open Skies" regime, in which the participants would voluntarily open their airspace on a reciprocal basis, permitting the overflight of their territory in order to strengthen confidence and transparency with respect to their military activities.

This proposal expanded on a concept that had already been proposed during the 1950s but had failed to reach fruition because of the unfavourable international political climate prevailing at the time.

Today, this new initiative has been made in a very different context as openness becomes a central theme of East-West relations and the past few years have been marked by important advances in the areas of confidence-building and arms control.

2. The provisions for notification and observation of military activities specified in the Helsinki Final Act were strengthened and made obligatory by the Stockholm Document concluded by the CDE in 1986.

With respect to arms control, in 1987, the INF Treaty, apart from its immediate goals, represented a very important precedent because of the extent of its verification provisions.

All this leads one to expect today that even more spectacular advances will be achieved in the near future. In particular, a two-pronged effort is under way in Vienna: on the one hand, to deepen the measures for confidence-building and transparency among the 35 countries of the CSCE, and on the other, to reach an unprecedented agreement between the countries of the Atlantic Alliance and the Warsaw Treaty Organization on the elimination of large numbers of conventional arms.

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[54] Source: *NATO Review*, December 1989, pp. 27–28.

Furthermore, one awaits important developments in other sectors of disarmament such as chemical weapons and the Soviet-American strategic arms negotiations.

3. All of these agreements will naturally require their own verification regimes, often of a highly intrusive nature. Moreover, the specific provisions of each verification treaty will be supplemented by the habitual means by which countries verify compliance with agreements (national technical means).

It seems useful, however, particularly in the prevailing context of improved East-West relations, to reflect on other ways of creating a broadly favourable context for confidence-building and disarmament efforts.

In this context, the Open Skies concept has a very special value. The willingness of a country to be overflown is, in itself, a highly significant political act in that it demonstrates its availability to openness; aerial inspection also represents a particularly effective means of verification, along with the general transparency in military activities discussed above.

This double characteristic of an Open Skies regime would make it a valuable complement to current East-West endeavours, mainly in the context of the Vienna negotiations but also in relation to the other disarmament efforts (START, chemical weapons).

It would seem desirable to focus now on the European region, while also including the entire territories of the Soviet Union, the United States, and Canada. Accordingly, we will be ready to consider at an appropriate time the wish of any other European country to participate in the Open Skies regime. This element could be complementary to their efforts at confidence-building and conventional arms control and would conform to the objectives of those negotiations.

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4. To this end, the Open Skies regime should be based on the following guidelines:

—The commitment of the parties to greater transparency through aerial overflights of their entire national territory, in principle without other limitations than those imposed by flight safety or rules of international law.

—The possibility for the participants to carry out such observation flights on a national basis or jointly with their allies.

—The commitment of all parties to conduct and to receive such observation flights on the basis of national quotas.

—The establishment of agreed procedures designed to ensure both transparency and flight safety.

—The possibility for the parties to employ the result of such overflights to improve openness and transparency of military activities as well as ensuring compliance with current or future arms control measures.

II. Purpose

The basic purpose of Open Skies is to encourage reciprocal openness on the part of the participating states and to allow the observation of military activities and installations on their territories, thus enhancing confidence and security. Open Skies can serve these ends as a complement both to national technical means of data collection and to information exchange and verification arrangements established by current and future arms control agreements.

III. Participation and Scope

Participation in Open Skies is initially open to all members of the Atlantic Alliance and the Warsaw Treaty Organization. All territories of the participants in North America and Asia, as well as in Europe, will be included.

IV. Quotas

1. Open Skies "accounting" will be based on quotas which limit the number of overflights. The quotas will be derived from the geographic size of the participating countries. The duration of flights can also be limited in relation to geographic size. For larger countries, the quota should permit several flights a month over their terri-

tory. All of the parties will be entitled to participate in such observation flights on a national basis, either individually or jointly in co-operation with their allies.

2. Effective implementation of a quota system requires agreement that a country will not undertake flights over the territory of any other country belonging to the same alliance.

3. Quota totals for participating states should be established in such a manner that there is a rough correspondence between totals for NATO and the Warsaw Treaty Organization and, within that total, for the USSR and the North American members of NATO.

4. Every participant, regardless of size, would be obligated to accept a quota of at least one overflight per quarter.

5. Smaller nations, that is, those subject to the minimum quota, may group themselves into one unit for the purposes of hosting Open Skies overflights and jointly accept the quota that would apply to the total land mass of the larger unit.

V. Aircraft

The country or countries conducting an observation flight would use unarmed, fixed-wing civilian or military aircraft capable of carrying host country observers.

VI. Sensors

A wide variety of sensors would be allowed, with one significant limitation—devices used for the collection and recording of signals intelligence would be prohibited. A list of prohibited categories and types of sensors will be agreed among the participating states which will be updated every year.

VII. Technical Co-operation Among Allies

Multilateral or bilateral arrangements concerning the sharing of aircraft or sensors, as well as the conduct of joint overflights, will be possible among members of the same alliance.

VIII. Mission Operation

1. Aircraft will begin observation flights from agreed, pre-designated points of entry and terminate at pre-designated points of exit; such entry and exit points for each participating state will be designated by that state and listed in an annex to the agreement.

2. The host country will make available the kind of support equipment, servicing and facilities normally provided to commercial air carriers. Provision will be made for refueling stops during the overflight.

3. An observing state will provide 16 hours notification of arrival at a point of entry. However, if the point of entry is on a coast or at a border and no territory of the receiving state will be overflown prior to arrival at the point of entry, this pre-arrival period could be abbreviated.

4. The crew of the observation aircraft shall file a flight plan within six hours of its arrival at the point of entry.

5. After arrival and the filing of a flight plan, a 24-hour pre-flight period will begin. This period is to allow time to determine that there are no flight safety problems associated with the planned flight route and to provide necessary servicing for the aircraft. During this pre-flight period the aircraft will also be subject to intrusive but non-destructive inspection for prohibited sensors and recorders.

6. Prior to the flight, host-country monitors will be able to board the observation aircraft. During the flight they would ensure that the aircraft is operated in accordance with the flight plan and would monitor operation of the sensors. There would be no restrictions on the movement of the monitors within the aircraft during flight.

7. The flight will be from the agreed point of entry to an agreed point of exit, where the host country observers would depart the aircraft. The points of entry and exit could be the same. Loitering over a single location will not be permitted. Aircraft will not be limited to commercial air corridors. Observation aircraft may in principle only be prohibited from flying through airspace that is publicly announced as closed to other aircraft for valid air safety reasons. Such reasons would include specific hazards posing extreme danger to the aircraft and its occupants. Each country will make arrangements to ensure that public announcements of such hazardous airspace are widely and promptly disseminated; each country will produce

for an annex to the agreement a list of where these public announcements can be found. The minimum altitudes for such flights may vary depending upon air safety considerations. The extent of ground control over aircraft will be determined in advance by agreement among the parties on compatible rules such as those recognized by ICAO. In the application of these considerations and procedures, the presumption shall be on behalf of encouraging the greatest degree of openness consistent with air safety.

8. The operation of the Open Skies regime will be without prejudice to states not participating in it.

IX. Mission Results

The members of the same alliance will determine among themselves how information acquired through Open Skies is to be shared. Each party may decide how it wishes to use this information.

X. Transits

A transit flight over a participating state on the way to the participating state over which an observation flight is to be conducted shall not be counted against the quota of the transitted state, provided the transit flight is conducted exclusively within civilian flight corridors.

XI. Type of Agreement

The Open Skies regime will be established through a multilateral treaty among the parties.

XII. Open Skies Consultative Body

To promote the objectives and implementation of the Open Skies regime, the participating states will establish a body to resolve questions of compliance with the terms of the treaty and to agree upon such measures as may be necessary to improve the effectiveness of the regime.

B. Canada

130. Trading Partners and Friends

Statement by President Bush, Ottawa, February 10, 1989[1]

Let me just say on behalf of Mrs. Bush, our Secretary of State, and others, this has been a good visit. It is an important visit because it symbolizes the importance that we place on the relationship with Canada. We're each other's largest trading partners. We are friends. We share a long, peaceful border, and we have many common interests. And today we had an opportunity to discuss not just the bilateral relationship that is very, very strong and very good but we had a chance to talk about the East-West relationship. I had a chance to talk about the problems on trade; indeed, our trade ministers are talking right now, you might say. And so, I felt the visit was outstanding.

The Prime Minister and I reviewed the concerns that he has about acid rain; and I referred him to what I said last night to the American people;[2] my determination to move on forward with setting limits, with legislation, and then moving to discussions with Canada, leading to an accord that I think will be beneficial to both countries. And so, that problem—and it has been a problem—is one that we are both determined to move forward towards solution. In terms of the trade agreement,[3] we, of course, have saluted the courageous position taken by the Prime Minister of Canada. We have great respect for that in the United States; and we want to now do our part, part of the United States, to follow through with whatever implementation is required.

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[1] Source: *Weekly Compilation of Presidential Documents*, February 20, 1989, p. 187. The President, who visited Ottawa for the day, made this statement at a question-and-answer session with reporters following a luncheon with Prime Minister Mulroney.

[2] For text of the President's address to a joint session of Congress, February 9, see *ibid.*, February 13, 1989, pp. 177–183.

[3] For text of the Free Trade Agreement signed at Ottawa, Washington, and Palm Springs December 22 and 23, 1987, and January 2, 1988, entered into force January 1, 1989, see *International Legal Materials*, 27 (1988), p. 21.

So, the mood was upbeat, the spirit good, and I am very glad that this was my first visit outside the continental United States as President. And we will keep in touch, and each of us has pledged to see that this strong relationship becomes even stronger.

C. Cyprus

131. U.N. Deconfrontation Plan

Statement Read by the Department of State Spokesman (Tutwiler), May 18, 1989[1]

On May 17, the United Nations announced in Cyprus that a deconfrontation plan had gone into effect that morning in Nicosia. Under the plan, Greek Cypriot and Turkish Cypriot forces evacuated a number of positions on the cease-fire line in the old walled city of Nicosia. This represents an important practical step toward alleviating tensions and averting incidents. It is a measure which we strongly supported. We congratulate the parties concerned and the United Nations which worked with them to bring about this success. This deconfrontation agreement is the product of leadership and vision. As the parties continue their discussions under the auspices of the U.N. Secretary-General, we hope that his significant achievement will be a prelude to further progress on immediate problems and on the larger issues bound up in the Cyprus dispute.

132. Suspension of U.N.-Sponsored Intercommunal Talks on Cyprus

Daily Press Briefing by the Department of State Acting Spokesman (Boucher), August 22, 1989 (Extract)[2]

. . . .

Q. On Cyprus, it was reported today that the Turkish-Cypriot leader, Mr. Raouf Denktash, rejected the U.N. plan for a solution to the Cyprus problem.[3] Do you have any comment on that?

A. We have seen the reports of Mr. Denktash's public statement, but we have no formal notification of any decisions that might have been taken by the Turkish-Cypriot "legislative assembly" regarding the negotiations. The United States continues to support strongly the good offices mission of the U.N. Secretary-General. We believe that the negotiations conducted over the past year have created an opportunity for real progress in achieving a solution to the Cyprus problem.

We hope that both sides will continue to cooperate fully with the United Nations, and we hope that the talks will resume shortly.

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[1] Source: Office of Press Relations, Department of State. This statement was read at the Daily Press Briefing which began at 12:32 p.m.

[2] Source: Office of Press Relations, Department of State. The briefing began at 12:20 p.m.

[3] Turkish-Cypriot leader Raouf Denktash announced on August 18 that he was unprepared to negotiate the reunification of Cyprus based on a U.N.-sponsored draft plan which envisioned a federal republic for Cyprus. (*The Washington Post*, August 22, 1989, p. A-12)

133. President Bush's Meeting With President Vassiliou

Statement by the President's Press Secretary (Fitzwater), October 4, 1989 (Extract)[4]

The President met this afternoon with Cypriot President George Vassiliou. The two leaders discussed a number of issues relating to efforts to bring a peaceful solution to the Cyprus dispute.

The President reaffirmed our support for the negotiations under the auspices of the United Nations and expressed his hope that the talks will be resumed at the earliest possible date. The President noted that the negotiations were not an end to themselves but a means to peaceful solution to the dispute.

. . . .

D. Eastern Europe

134. Polish Roundtable Accords

Statement by the President's Press Secretary (Fitzwater), April 5, 1989[1]

Seven years ago, Americans lit candles in support of Poland's freedom in the hope that darkness of repression would someday be lifted. Today Solidarity signed accords which will lead to its relegalization and which will allow it to resume its rightful place in Polish life.

This is a great day for the Polish people and for freedom. The discussions have been long and arduous. We welcome the roundtable accords and see them as an historic step towards pluralism and freedom which we hope will eventually take Poland far from totalitarianism and towards a better political and economic future.

We are following the developments in Poland closely and are consulting with Congress and our friends and allies on this issue. In September 1987, then Vice President Bush visited with Lech Walesa and General Jaruzelski[2] concerning the Polish political situation. The Vice President at that time urged dialog and reconciliation to bring about economic growth and political freedom.

The President today is very pleased by the accords that started Poland on this new path of reconciliation.

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135. "Eastern Europe Is Awakening"

Address by President Bush, Hamtramck, Michigan, April 17, 1989 (Extract)[3]

. . . .

For almost half a century, the suppression of freedom in Eastern Europe, sustained by the military power of the Soviet Union, has kept nation from nation, neighbor from neighbor. And as East and West now seek to reduce arms, it must not be forgotten that arms are a symptom, not a source, of tension. The true source of tension is the imposed and unnatural division of Europe. How can there be stability and security in Europe and the world as long as nations and peoples are denied the right to determine their own future, a right explicitly promised by agreements among the victorious powers at the end of World War II? How can there be stability and security in Europe as long as nations which once stood proudly at the front rank of industrial powers are impoverished by a discredited ideology and stifling authoritarianism? The United States—and let's be clear on this—has never accepted the legitimacy of Europe's division. We accept no spheres of influence that deny the sovereign rights of nations.

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[4] Source: *Weekly Compilation of Presidential Documents*, October 9, 1989, p. 1504. The meeting began at 2 p.m.

[1] Source: *Weekly Compilation of Presidential Documents*, April 10, 1989, p. 489. Fitzwater read the statement in the Briefing Room at the White House during his daily press briefing which began at 1:32 p.m.

[2] Regarding President Bush's visit to Poland September 26–29, 1987, see *American Foreign Policy: Current Documents, 1987*, pp. 293–294.

[3] Source: *Weekly Compilation of Presidential Documents*, April 24, 1989, pp. 563–565. The President spoke at 11:53 a.m. at the Hamtramck City Hall.

And yet the winds of change are shaping a new European destiny. Western Europe is resurgent, and Eastern Europe is awakening to yearnings for democracy, independence, and prosperity. In the Soviet Union itself, we are encouraged by the sound of voices long silent and the sight of the rulers consulting the ruled. We see new thinking in some aspects of Soviet foreign policy. We are hopeful that these stirrings presage meaningful, lasting, and far more reaching change. So, let no one doubt the sincerity of the American people and their government in our desire to see reform succeed inside the Soviet Union. We welcome the changes that have taken place, and we will continue to encourage greater recognition of human rights, market incentives and free elections.

East and West are now negotiating on a broad range of issues, from arms reductions to the environment. But the Cold War began in Eastern Europe, and if it is to end, it will end in this crucible of world conflict. And it must end. The American people want to see east and central Europe free, prosperous, and at peace. With prudence, realism, and patience, we seek to promote the evolution of freedom—the opportunities sparked by the Helsinki accords[4] and the deepening East-West contact. In recent years, we have improved relations with countries in the region, and in each case, we looked for progress in international posture and internal practices: in human rights cultural openness, emigration issues, opposition to international terror. While we want relations to improve, there are certain acts we will not condone or accept, behavior that can shift relations in the wrong direction; human rights abuses, technology theft, and hostile intelligence or foreign policy actions against us.

Some regions are now seeking to win popular legitimacy through reforms. In Hungary, a new leadership is experimenting with reforms that may permit a political pluralism that only a few years ago would have been absolutely unthinkable. And in Poland, on April 5th, Solidarity Leader Lech Walesa and Interior Minister Kiszczak signed agreements that, if faithfully implemented, will be a watershed in the postwar history of Eastern Europe.

Under the auspices of the roundtable agreements, the free trade union *Solidarność* was today—this very day, under those agreements—*Solidarność* was today formally restored. And the agreements also provide that a free opposition press will be legalized, independent political and other free association will be permitted, and elections for a new Polish Senate will be held. These agreements testify to the realism of General Jaruzelski and his colleagues, and they are inspiring testimony to the spiritual guidance of the Catholic Church, the indomitable spirit of the Polish people, and the strength and wisdom of Lech Walesa.

Poland faces, and will continue to face for some time, severe economic problems. A modern French writer observed that communism is not another form of economics. It is the death of economics. In Poland, an economic system crippled by the inefficiencies of central planning almost proved the death of initiative and enterprise—almost. But economic reforms can still give free rein to the enterprising impulse and creative spirit of the great Polish people.

The Polish people understand the magnitude of this challenge. Democratic forces in Poland have asked for the moral, political and economic support of the West. And the West will respond. My administration is completing now a thorough review of our policies toward Poland and all of Eastern Europe, and I've carefully considered ways that the United States can help Poland. And we will not act unconditionally. We're not going to offer unsound credits. We're not going to offer aid without requiring sound economic practices in return. And we must remember that Poland still is a member of the Warsaw Pact. And I will take no steps that compromise the security of the West.

The Congress, the Polish-American community—and I support, I endorse strongly Ed Moskal and what he is doing in the Polish American Congress, I might say; and I'm delighted he's here, good Chicago boy right here in Hamtramck—that the Congress, the Polish American community, the American labor movement, our allies, and international financial institutions—our allies all must work in concert if Polish democracy is to take root anew and sustain itself. And we can and must answer this call to freedom. And it is particularly appropriate here in Hamtramck for me to salute the members and leaders of the American labor movement for hanging tough with Solidarity through its darkest days. Labor deserves great credit for that.

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[4] For text of the Final Act of the Conference on Security Cooperation in Europe, signed at Helsinki, August 1, 1975, see Department of State *Bulletin*, September 1, 1975, pp. 323–350.

Now, the Poles are taking steps that deserve our active support. And I have decided as your President on specific steps to be taken by the United States, carefully chosen to recognize the reforms underway and to encourage reforms yet to come now that *Solidarność* is legal. I will ask Congress to join me in providing Poland access to our Generalized System of Preferences, which offers selective tariff relief to beneficiary countries. We will work with our allies and friends in the Paris Club to develop sustainable new schedules for Poland to repay its debt, easing a heavy burden so that a free market can grow. I will also ask Congress to join me in authorizing the Overseas Private Investment Corporation to operate in Poland, to the benefit of both Polish and U.S. investors. We will propose negotiations for a private business agreement with Poland to encourage cooperation between U.S. firms and Poland's private businesses. Both sides can benefit. The United States will continue to consider supporting, on their merits, viable loans to the private sector by the International Finance Corporation. We believe that the roundtable agreements clear the way for Poland to be able to work with the International Monetary Fund on programs that support sound, market-oriented economic policies. We will encourage business and private nonprofit groups to develop innovative programs to swap Polish debt for equity in Polish enterprises, and for charitable, humanitarian, and environmental projects. We will support imaginative educational, cultural, and training programs to help liberate the creative energies of the Polish people.

You know, when I visited Poland in September of 1987, I was then Vice President, and I told Chairman Jaruzelski and Lech Walesa that the American people and government would respond quickly and imaginatively to significant internal reform of the kind that we now see. Both of them valued that assurance. So, it is especially gratifying for me today to witness the changes now taking place in Poland and to announce these important changes in U.S. policy. The United States of America keeps its promises.

If Poland's experiment succeeds, other countries may follow. And while we must still differentiate among the nations of Eastern Europe, Poland offers two lessons for all. First, there can be no progress without significant political and economic liberalization. And second, help from the West will come in concert with liberalization. Our friends and European allies share this philosophy.

The West can now be bold in proposing a vision of the European future. We dream of the day when there will be no barriers to the free movement of peoples, goods, and ideas. We dream of the day when Eastern European peoples will be free to choose their system of government and to vote for the party of their choice in regular, free, contested elections. And we dream of the day when Eastern European countries will be free to choose their own peaceful course in the world, including closer ties with Western Europe. And we envision an Eastern Europe in which the Soviet Union has renounced military intervention as an instrument of its policy—on any pretext. We share an unwavering conviction that one day all the peoples of Europe will live in freedom. And make no mistake about that.

Next month, at a summit of the North Atlantic Alliance, I will meet with the leaders of the Western democracies. The leaders of the Western democracies will discuss these concerns. And these are not bilateral issues just between the United States and the Soviet Union. They are, rather, the concern of all the Western allies, calling for common approaches. The Soviet Union should understand in turn, that a free, democratic Eastern Europe as we envision it would threaten no one and no country. Such an evolution would imply and reinforce the further improvement of East-West relations in all dimensions—arms reductions, political relations, trade—in ways that enhance the safety and well-being of all of Europe. There is no other way.

What has brought us to this opening? The unity and strength of the democracies, yes, and something else: the bold, new thinking in the Soviet Union, the innate desire for freedom in the hearts of all men. We will not waver in our dedication to freedom now. And if we're wise, united, and ready to seize the moment, we will be remembered as the generation that made all Europe free.

Two centuries ago, a Polish patriot, Thaddeus Kosciusko, came to these American shores to stand for freedom. Let us honor and remember this hero of our own struggle for freedom by extending our hand to those who work the shipyards of Gdansk and walk the cobbled streets of Warsaw. Let us recall the words of the Poles who struggled for independence: "For your freedom and ours." Let us support the peaceful evolution of democracy in Poland. The cause of liberty knows no limits; the friends of freedom, no borders.

God bless Poland. God bless the United States of America. Thank you all very much. *Niech Zyje Polska!* [Long live Poland!][5] Thank you very much.

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136. Elections in Poland

Statement by President Bush, June 6, 1989[6]

Sunday's elections in Poland[7] marked an important step toward freedom and democracy. I am encouraged by the responses of both the Polish Government and members of the opposition to the election results. I hope the movement toward political pluralism will continue to follow the responsible, constructive path it has taken since the historic roundtable agreements in April. As I said in my speech in Hamtramck, Michigan, April 17,[8] the Polish people are now taking steps that deserve our active support. We will work in concert with our allies to help Polish democracy take root anew and sustain itself. The Polish people face a difficult task ahead, but their first steps have been firmly in the right direction.

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137. Hungarian Political Reforms

Statement by the President's Press Secretary (Fitzwater), June 16, 1989[9]

The United States welcomes the announcement of the Hungarian Government's intention to begin discussions with the opposition as a first step to multiparty elections. On April 17, in Hamtramck, Michigan, the President pledged support to East European countries which embarked upon the path of fundamental political and economic reform. In view of Hungary's progress, the President will seek legislation to accord Hungary GSP (Generalized System of Preferences) and to permit the Overseas Private Investment Corporation (OPIC) to operate in Hungary.

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138. Persecution by Bulgaria of Its Turkish Minority

Statement by the President's Press Secretary (Fitzwater), June 26, 1989[10]

In the last month, over 60,000 people have either fled or been forcibly expelled from Bulgaria to Turkey—many with nothing more than the clothes on their backs—and more are arriving in Turkey every day.

This mass migration is the result of the Bulgarian Government's systematic denial of basic human rights to its Turkish minority. Since 1984 the Bulgarian authorities have been carrying out a campaign of forced assimilation of Bulgaria's ethnic Turkish minority, forcing its members to slavicize their names and denying them the right to speak their language and practice their religion. Members of the minority who have objected have been imprisoned without trial and treated with great brutality.

Over the past month, this campaign against ethnic Turks has taken on a new dimension, as Bulgarian forces have fired on peaceful demonstrators, killing some and wounding others. There are reports that the violence continues. We deplore Bulgaria's blatant violations of the human rights of its citizens, rights which Bulgaria has committed itself to protect as a signatory of the Helsinki accords and other international agreements. We urge the Government of Bulgaria to cease these violations and to allow for the orderly emigration of those ethnic Turks who desire to leave.[11]

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[5] Brackets in the source text.

[6] Source: *Weekly Compilation of Presidential Documents*, June 12, 1989, pp. 855–856.

[7] June 4.

[8] See *supra*.

[9] Source: *Weekly Compilation of Presidential Documents*, June 19, 1989, p. 922.

[10] Source: *Weekly Compilation of Presidential Documents*, July 3, 1989, pp. 979–980.

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139. New Approaches Toward Eastern Europe

Statement by the Deputy Secretary of State (Eagleburger), July 6, 1989[12]

I would like to follow up on the President's remarks[13] with a few words on our overall policy toward Eastern Europe, and toward Poland and Hungary in particular.

As you know, our policy over the past 40 years has aimed at overcoming the unnatural division of Europe which has been the root of our security concerns on the continent. Our goal has been to promote democratic self-determination and market-oriented reforms which in our view are essential to stability and economic growth for all European states.

After over four decades of Cold War our policies are now beginning to meet with success. The dramatic changes underway in Eastern Europe and the Soviet Union have come about because of the steadfastness of the West, and because the socialist economies of the East are now widely recognized as monumental failures.

After reviewing our past policies toward Eastern Europe, the Bush administration has decided that new approaches are needed to respond to developments in the region. Our traditional policy of differentiation, whereby we evaluated a country's relative independence from the Soviet Union, continues, but we must now also take into account a country's progress toward implementing political and economic reforms and its human rights performance.

In this respect, the President's speech at Hamtramck, Michigan, on April 17 outlined our initial response to the democratization underway in Poland in the form of support to the Polish private sector. We are currently working on ways in which elements of the Hamtramck initiatives could also be applied to Hungary.

Turning to the countries where reform is less advanced, our policy is to challenge these countries to follow the Polish and Hungarian lead.

The President's upcoming visit to Poland and Hungary will send a message not only to the Poles and Hungarians but to the Czechs, Bulgarians, East Germans, and Romanians as well that we will respond to progress and that we and our allies will support countries which move toward democracy and open markets.

Another important part of our policy is our desire to work with all countries in Eastern Europe to deal with transnational problems such as the environment, narcotics and terrorism. This was the thrust of the President's East European environmental initiative which he announced in his Mainz speech in May.[14] Eastern Europe faces a severe environmental crisis which must bring all of us together to help clean up the region's polluted air and water.

As the President noted in his Mainz speech, we will also work with our allies to use the CSCE process to insure that the Eastern countries respect their obligations under the Helsinki Final Act by removing the barriers that currently hinder the free movement of peoples, cultures, and ideas and by holding free and open elections.

Finally, but perhaps most importantly in light of today's symposium, our policy includes a major expansion in the scope and size of people-to-people and private sector contacts with Eastern Europe.

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[11] The Department of State announced on August 29 that as a result of the continuing abuse of human rights of Bulgaria's ethnic Turkish community, it was recalling Ambassador Sol Polansky to Washington for consultations. (Daily Press Briefing, August 29, 1989, Office of Press Relations, Department of State)

[12] Source: Department of State files. Eagleburger spoke at the White House Symposium on Eastern Europe at the Old Executive Office Building. The symposium was organized for leaders in business, education, and labor.

[13] For text of President Bush's opening remarks, see *Weekly Compilation of Presidential Documents*, July 10, 1989, pp. 1036–1037.

[14] See Document 124.

The fact is that the road to reform is going to be a difficult one. Change is destabilizing, particularly in conservative societies such as in Eastern Europe which have grown accustomed to state guarantees, fixed prices, and stifled initiative. We cannot simply throw money at Eastern Europe as we did in the 1970's. Our aid will be limited, because of our own resource constraints, and it will be *conditional*—that is, linked to systemic change and the transition to a market economy.

It is in helping to make that transition both stable and successful that the private sector has a leading, indeed crucial, role to play. East Europeans need to learn Western management techniques, which they can obtain through joint ventures with American businessmen. Exchanges with American labor will be essential in developing programs for retraining unemployed or displaced workers. American lawyers and intellectuals will be called upon to assist in the process of institutionalizing democracy and the rule of law.

You can be assured as you go about meeting those challenges that the policy of this administration will remain consistent and predictable. We will match the East Europeans' stride for stride if they continue to progress toward democracy and market economies. We must be cautious and prudent, but we cannot afford to ignore the historic opportunity before us.

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140. "We Seek To . . . Bring Eastern European Countries Into the Commonwealth of Free Nations"

White House Press Briefing, July 7, 1989 (Extracts)[15]

SENIOR ADMINISTRATION OFFICIAL. . . . Before and during the President's first trip to Europe,[16] he articulated through a series of speeches a broad vision for the future of the continent. A vision endorsed in the NATO summit declaration,[17] as you know. As part of our effort to move beyond containment in East-West relations, we seek to overcome the division of Europe and bring Eastern European countries into the commonwealth of free nations to make Europe whole and free.

Conceptually, this is a newly-vivid goal for American policymakers. In the past, the desire for an end to Europe's unnatural division seemed unapproachably distant. Recent events have now brought this ambitious objective into view. As the President goes to Poland and Hungary, as he participates in the economic summit in Paris and visits the Netherlands, he will be encouraging the dramatic transition in Eastern Europe, carrying through his commitment to a new and intensified level of American engagement in the future of this vital region.

Perhaps the most important foreign policy interest in the United States is the prevention of major conflict between East and West. Eastern Europe, as *The New Yorker* has put it, is where the wars come from. World War II began in Poland, the Cold War began in Poland. If the Cold War is to end, it must end in Eastern Europe. The West now has an unprecedented opportunity to help bring about a peaceful democratic transformation in this region, which historically has been a focal point for conflict.

The most important political trend of our time is the spreading power of the democratic idea. We and the rest of the world have seen what happened in China when the Communist rulers sought to pursue economic reform while crushing accompanying efforts to bring democratic change. One of the strategic implications of what happened in China is that the Communist world is now watching and waiting to see which model is valid—the Chinese one of mixing reform with repression, or the Polish and Hungarian one of economic and political change peacefully accomplished. In these circumstances, the fate of the brave efforts in Hungary and Poland will have repercussion far beyond those countries for the future of democracy around the world.

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[15] Source: Office of the Press Secretary to the President. The briefing, which began at 11:15 a.m. in the Briefing Room, was conducted on background by a senior administration official.

[16] The President visited Poland July 9–10, Hungary July 11–13, France July 13–17, and The Netherlands July 17–18.

[17] Document 121.

So what will we be doing about this? The President is proceeding on three broad fronts—first, he will highlight, as he did in his Mainz speech, the common values that link the Economic Summit Seven, the values that will be instrumental in overcoming Europe's division. The economic summit will coincide, as you know, with the Bicentennial of the fall of the Bastille in 1789, a symbol of the French struggle for liberty. This is also the 200th anniversary of the French Declaration of the Rights of Man and the Citizen, and of the American Bill of Rights.

If the last few years have taught us anything, it should be that ideas count. And the President will be emphasizing ours. The historical symbolism of the President's trip to Poland and Hungary and the power of a simple restatement of what we stand for will, we think, tap a great well of popular sentiment in these two countries.

. . . .

Secondly, the President's visit to Poland and Hungary will more tangibly engage the United States in the future of those countries, based on their continued progress toward political pluralism and economic reform. Although in the end the future of Poland and Hungary will depend on the efforts of the citizens of these nations, we can and want to help. Our involvement in Eastern Europe has no political-military dimension and should not threaten anyone. We're all interested in a peaceful process of reform in which, above all, the Polish and Hungarian people determine their own destiny.

. . . .

Third, at the economic summit, the President will take the lead in guiding the general approach to East-West relations including, importantly, Eastern Europe, and global political issues in addition to the economic and environmental matters there.

Finally, the President will travel to the Netherlands, the first time in history that a U.S. President has paid an official visit to that country. The President will give a policy address at Leiden which will review the trip and the economic summit, while giving special attention to the U.S. approach toward Western Europe, including the enduring commitment to NATO's collective defense as we manage the process of historic change in Europe that I described above.

. . . .

141. Meeting With General Jaruzelski

Statement by the President's Press Secretary (Fitzwater), Warsaw, July 10, 1989[18]

President Bush and General Jaruzelski talked for more than 2 hours this morning from 9:45 to 12:05, and discussed a full range of bilateral and international issues. President Bush outlined the economic program that he will make to the Polish Parliament this afternoon.[19] The President also discussed his conventional arms proposal made at the NATO summit.[20] General Jaruzelski said the Warsaw Pact applauded the President's proposal and felt the timetable was achievable. General Jaruzelski spent a good deal of the time discussing the internal political situation in Poland. President Bush reiterated the United States desire to be helpful in Poland's reform efforts without being intrusive.

In the plenary session, Secretary of State Baker and Poland's Foreign Minister Olechowski amplified these same themes. Secretary Baker referred to the close and historic bonds between the two peoples. The Secretary outlined in some detail the President's economic incentives. The two Ministers discussed the full range of bilateral issues, including increased dialog between U.S. and Polish officials, technical and scientific exchanges, trade increases, environmental improvements, international fishing clarifications, and various economic prospects.

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[18] Source: *Weekly Compilation of Presidential Documents*, July 24, 1989, p. 1067. President Bush met with General Jaruzelski at Belweder Palace.

[19] See *infra*.

[20] See Document 120.

President Bush felt the meeting was quite productive and friendly.

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142. "The Moment Is Right . . . for Poland To Walk Its Own Path"

Address by President Bush Before the Polish National Assembly, Warsaw, July 10, 1989 (Extracts)[21]

. . . .

A profound cycle of turmoil and great change is sweeping the world from Poland to the Pacific. It is sometimes inspiring, as here in Warsaw, and sometimes it's agonizing, as in China today. But the magnitude of change we sense around the world compels us to look within ourselves and to God to forge a rare alloy of courage and restraint.

The future beckons with both hope and uncertainty. Poland and Hungary find themselves at a crossroads. Each has started down its own road to reform, without guarantee of easy success. The people of these nations and the courage of their leaders command our admiration. The way is hard; but the moment is right, both internally and internationally, for Poland to walk its own path. On the day Solidarity was restored, I spoke of my support and admiration for the political experiment just getting underway in Poland. You've since proceeded further along that road, including holding the remarkable elections that produced this Parliament. And let us consider what your experiment may mean not just for Poland but for Europe and for the entire world.

The divided world of the modern age began here—right here, in Poland—50 years ago this summer. Your country, and then nearly all of Europe, was first besieged and then occupied by totalitarian, despotic forces. A courageous Poland was our ally. And in that fearful time, Franklin Roosevelt and Winston Churchill devised the Atlantic Charter, which outlined principles on which we hoped to build a better world, including freedom from want and fear, and the right of peoples to choose the form of government under which they will live. But as you know better than anyone, the world that we sought then was not to be. Stalinist systems were imposed over a third of a continent. The Cold War began. The countries of the West organized themselves in defense of democratic principles. And we proposed that the Marshall Plan include Eastern Europe. But again, that was not to be.

The Western strategy, our strategy of containment, was a means, but was never an end in itself. It was no substitute for a free and united Europe. And we did not forget the frustrated and lost hopes of 1945 nor the promise of a better world. Neither did the Polish people. You have been a crucible of conflict. You're now becoming a vessel for change. Poland is where the Cold War began, and now the people of Poland can help bring the division of Europe to an end. The time has come to move beyond containment to a world too long deferred, a better world.

And now, at long last, two developments have allowed us to redeem the principles of the Atlantic Charter for which the United States and Poland fought as allies. One is the manifest failure of the classic Stalinist system; and the other is the indomitable will of the people, through leaders in Poland and Hungary, who are working to overcome the mistakes of the past with honesty, creativity and, yes, courage. The world watches in admiration.

And now, in part because of what you are doing here, the genuine opportunity exists for all of us to build a Europe which many thought was destroyed forever in the 1940's. That Europe, the Europe of our children, will be open, whole and free. We can make it so in two ways. First, a new East-West relationship must rest on greatly reduced levels of arms. I notice what General Jaruzelski said on that point, and I support him. We in the West have proposed dramatic reductions in conventional armed forces in Europe, reductions that promise to transform the military map of Europe and diminish the very threat of war. The new willingness in Moscow to accept this Western framework for reductions in troops and tanks and aircraft and other categories of weapons gives us hope that the negotiations in Vienna will succeed. A good beginning has been made. Constructive proposals are being offered on both sides. We are determined to push hard for an early and successful conclusion to these talks. Second, reductions in military forces will go further and be more sustainable if they take place in parallel with political change. Excessive levels of arms, we believe, are the symptom, and not the source, of political tensions. In Europe those tensions spring from an unnatural and cruel division.

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[21] Source: *Weekly Compilation of Presidential Documents*, July 24, 1989, pp. 1068–1072. The President spoke at 2:28 in the main chamber of the Parliament building.

Poland's decision to embrace political reform and Hungary's movement in the same direction thus have great importance beyond their borders. By creating political structures legitimized by popular will, by that, your reforms can be the foundation of stability, security, and prosperity not just here but in all of Europe, now and into the next century.

Mikhail Gorbachev has written: "Universal security rests on the recognition of the right of every nation to choose its own path of social development and on the renunciation of interference in the domestic affairs of other states. A nation may choose either capitalism or socialism. This is its sovereign right." In principle, I agree, but I might well have said that the people of a nation may freely choose either a free-market economy or socialism. That is their right.

And so, the West works not to disrupt, not to interfere, not to threaten any nation's security but to help forge closer and enduring ties between Poland and the rest of Europe.

As a result of the roundtable accords, Poland's fate lies more than ever in Polish hands, and there it must ever remain. Your responsibility for your country's future is immense. Poland's friends, including the American people, want Poland to be free, prosperous, democratic, independent—true to the best tradition of your nation's past. And this regime is moving forward with a sense of realism and courage, in a time of great difficulty and challenge. Lech Walesa and Solidarity are deeply committed to institutions in Poland that will serve all its people. This Parliament, by its very existence, is advancing pluralism. And the Church has served as a source of spiritual guidance and unity in turbulent times. But above all, there are the people of Poland, people who are steadfastly working toward productive change.

And yet, even under the best circumstances, representative government has its own challenges. It requires patience, tolerance, and give-and-take between political opponents. But its virtue is that it grants legitimacy to leaders and their policies. It gives governments and societies the mandate to make hard choices. And through their involvement, it gives the people a stake in the choices that are made.

For over 200 years, Americans have wrestled over political and economic interests, over individual and civil rights, and the role of a loyal opposition. Democracy is not a conclusion; it's a process, and perfecting it never ends. But history has taught Americans one very clear lesson: Democracy works.

We understand in my country the enormous economic problems you face. Economic privation is a danger than can threaten any great democratic experiment. And I must speak honestly. Economic reform and recovery cannot occur without sacrifices. Even in an economy as productive as ours, we still debate the roles and limits of government; how to regulate the private sector without discouraging innovation; how to reduce our own enormous budget deficit; how to balance workers' needs and industrial efficiency; how to handle the painful disruptions of change for the sake of productivity, for the sake of progress, for the sake of prosperity.

The reform of the Polish economy presents a historic challenge. There can be no substitute for Poland's own efforts. But I want to stress to you today that Poland is not alone. Given the enormity of this moment, the United States stands ready to help as you help yourselves.

In Hamtramck, Michigan, 3 months ago, I outlined a policy of support for the reforms then just beginning in Poland. I proposed specific steps, carefully chosen, to recognize the reforms underway here and to encourage reforms yet to come. It is a policy built on dynamic interplay of progress in Poland and Western engagement, and not on unsound credits made without regard to necessary reforms. That was the record of the 1970's. Poland and the United States need not repeat that. Our efforts will be carefully targeted in support of an emerging new Poland. We've made progress on the steps announced at Hamtramck and this is where we stand.

Legislation is well underway that will help Polish exporters compete more effectively in the U.S. market through generalized systems of preferences, and that will authorize our Overseas Private Investment Corporation to operate in Poland, providing investment insurance and setting up missions to stimulate U.S. investment and joint ventures here.

The United States is proposing a private business agreement that will promote contacts between Poland's growing private business sector and its American counterparts. We hope to conclude an agreement soon to build on what promises to be an unprecedented opportunity.

There is great interest and excitement in the United States about what you're doing in Poland and a clear-cut desire to help the reform process. I hosted a White House symposium on July 6th to bring together citizens of my country interested in promoting investment, trade, and academic exchange with Poland and Hungary. And I can assure you that, more than ever before, the American people will be involved in your democratic experiment.

I've said that as Poland reforms itself, the U.S. will respond. Much has happened even in the short time since Hamtramck. So, today I'm pleased to announce that we plan to do more and go farther for the sake of a stable and prosperous Poland.

First, I will propose at the upcoming economic summit in Paris that the nations of the summit, that summit seven, intensify their coordination and concerted action to promote democratic reform in Poland and Hungary and to help manage compassionately the process of change. We will work with our partners at the summit, moving quickly with increased Western aid and technical assistance. This concerted action will complement existing institutions like the World Bank, the Paris Club, and IMF, and address needed economic reforms, credits, management and training initiatives, social safety nets, housing, and otner issues important to Poland.

Second, I will ask the United States Congress to provide a $100 million fund to capitalize and invigorate the Polish private sector, and we will encourage parallel contributions from other nations of the economic summit.

Third, I will encourage the World Bank to move ahead with $325 million in economically viable loans to help Polish agriculture and industry reach the production levels they are so clearly capable of.

And fourth, I will ask my counterparts in the West to support an early and generous rescheduling of Polish debt. This could provide deferral of debt payments amounting to about $5 billion this year if our allies and friends in the Paris Club agree to join us in offering liberalized terms. I plan to discuss this issue with my colleagues at the Paris summit.

Fifth, economic progress should not come at the expense of our common heritage, our common inheritance: the environment. In fact, sound ecology and a strong economy can and must coexist. Air and water pollution know no boundaries. And this concern is worldwide. Almost 2 years ago, I visited Krakow, your former royal capital, a city recognized by UNESCO as an international treasure. Today Krakow is under siege by pollution. Its priceless monuments are being destroyed. Krakow must be reclaimed, and the United States will help. And I'll ask the Congress for $15 million for a cooperative venture with Poland to help fight air and water pollution there.

Sixth, and finally, when I begin my remarks—when I began them, I mentioned the shared cultural heritage of our two nations. Today, I'm proud to announce that the United States will establish a Cultural and Information Center in Warsaw, and we'll ask Poland to establish a similar center in the United States. This will be the first time that either of our two countries will be able to conduct educational and cultural programs outside of our Embassies and consulates.

The elections which brought us—all of us—together here today mean that the path the Polish people have chosen is that of political pluralism and economic rebirth. The road ahead is a long one, but it is the only road which leads to prosperity and social peace. Poland's progress along this road will show the way toward a new era throughout Europe, and an era based on common values, and not just geographic proximity. The Western democracies will stand with the Polish people and other peoples of this region.

Democracy has captured the spirit of our time. Like all forms of government, though it may be defended, democracy can never be imposed. We believe in democracy. For without doubt, though democracy may be a dream deferred for many, it remains, in my view, the destiny of man.

Two hundred years ago, democratic constitutions were adopted by three nations, embodying the powerful influence of the Enlightenment, as a testament to ideas that endure. The American Constitution was first and has stood the test of history for over 200 years of our existence as a republic. Constitutional democracy in France began two centuries ago this summer, and in a few days, leaders from all over the world will be in Paris to celebrate the anniversary of its birth.

On May 3, 1991, the Polish Constitution will also be 200 years old. Your Constitution of 1791 was crushed, but never forgotten. And now this generation's calling is to redeem the promise of a free Polish republic. Poland has not been lost so long as the Polish spirit lives.

America wishes you well as you face the tough problems today. I salute General Jaruzelski for his leadership and his extraordinary hospitality to me. I salute the leaders and Members of these two great legislative bodies. God, in His infinite wisdom and love, is with us in this chamber. May God bless you and your efforts. Long live Poland! Long live Poland! Thank you very, very much.

143. "Hungary Is at the Threshold of Great and Historic Change"

Address by President Bush Before Karl Marx University Faculty and Students, Budapest, July 12, 1989 (Extract)[22]

. . . .

The creative genius of the Hungarian people, long suppressed, is again flourishing in your schools, your businesses, your churches. And this is more than a fleeting season of freedom. It is Hungary returning to its normal, traditional values. It is Hungary returning home. Voices long stilled are being heard again. An independent daily newspaper is now sold on the streets. Commercial radio and television stations will broadcast everything from the news to the music of Stevie Wonder. And Radio Free Europe is opening its first Eastern European Bureau right here in Budapest.

Along your border with Austria, the ugly symbol of Europe's division and Hungary's isolation is coming down, as the barbed wire fences are rolled and stacked into bales. For the first time, the Iron Curtain has begun to part. And Hungary, your great country, is leading the way.

The Soviet Union has withdrawn troops, which I also take as a step in overcoming Europe's division. And as those forces leave, let the Soviet leaders know they have everything to gain and nothing to lose or fear from peaceful change. We can—and I am determined that we will—work together to move beyond containment, beyond the Cold War.

One of the key steps in moving beyond containment is easing the military confrontation in Europe. To this end, the NATO allies joined, at the May summit meeting, in my proposal of a comprehensive conventional arms control initiative, an initiative that would cut the number of tanks, armored troop carriers, artillery, combat aircraft, attack helicopters, as well as United States and Soviet troops stationed on foreign soil in Europe—all to lower, equal levels. The issues may be complex, but we're working day and night to get a solid, historic, agreement to strengthen stability in Europe and reduce the risk of war. And we are determined to get it soon.

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[22] Source: *Weekly Compilation of Presidential Documents*, July 24, 1989, pp. 1084–1087. The President spoke at 1:35 p.m. in Aula Hall.

No, there is no mistaking the fact that we are on the threshold of a new era. And there's also no mistaking the fact that Hungary is at the threshold of great and historic change. You're writing a real constitution, and you're moving toward democratic, multiparty elections. And this is partly possible because brave men and women have formed opposition parties. And this is possible because Hungarian leaders are going to show the ultimate political courage: the courage to submit to the choice of the people in free elections.

But to succeed in reform, you'll need partners—partners to help promote lasting change in Hungary. And I am here today to offer Hungary the partnership of the United States of America. Three vital spheres stand out in our partnerships: economics, the environment, and democratic and cultural exchange.

The United States believes in the acceleration of productive change, not in its delay. So, this is our guiding principle: The United States will offer assistance not to prop up the status quo but to propel reform.

Of course, the weight of the past still burdens Hungarian enterprise. There are remnants of the Stalinist economy—huge, inefficient industrial plants and a bewildering price system that is hard for anyone to understand, and the massive subsidies that cloud economic decisions—all of this slows what you could otherwise achieve. It's an economic Rubik's Cone that defies solution.

To make the transition to a productive economy will test your mettle as a people. The prices of some commodities may rise. Some inefficient businesses and factories will close. But the Hungarian Government is increasingly leaving the business of running the shops to the shopkeepers, the farms to the farmers. And the creative drive of the people, once unleashed, will create momentum of its own. And this will bring you a greater treasure than simply the riches you create. It'll give each of you control over your own destiny—a Hungarian destiny. And as I said, the United States will be your partner in this transformation to a successful economy.

Last Thursday at the White House, I invited leaders from business, education, labor, and other fields to come to the White House and discuss the new private sector opportunities opening up in Hungary. And their response was enthusiastic. This was especially true of Hungarian-Americans, so proud to be building a bridge between their new country and their motherland. As long as our two governments ease the way, the people of America and Hungary can do the rest—the people can do the rest.

And it is in this spirit that I want to announce the following measures. First, as I said in Warsaw, I will propose at the Paris economic summit concerted Western action, for Poland and Hungary, to back your reforms with economic and technical assistance from the summit partners. Of course, our efforts for Hungary will be targeted to your needs.

And second, I will ask the United States Congress to authorize a $25 million fund as a source of new capital to invigorate the Hungarian private sector. I'll also encourage parallel efforts from the other nations of the economic summit.

And third, once your Parliament passes the new emigration legislation proposed by your Council of Ministers, I will inform our Congress that Hungary is in full compliance with the Jackson–Vanik amendments to our 1974 trade law. No country has yet been released from the restrictions of this amendment. So, I am pleased to tell you that Hungary will be the first. And this action will give Hungary the most liberal access to the American market for the longest terms possible under our laws.

Fourth, America is prepared to provide your country with access to our Generalized System of Preferences, which offers selective tariff relief. Simply put, these last two measures will allow you to take advantage of the largest single market in the entire world.

And fifth, we've concluded a draft agreement to authorize the Overseas Private Investment Corporation—OPIC we call it—to operate in Hungary. And once our Senate passes the enabling legislation, OPIC will be able to provide insurance to encourage American investment in private enterprises in Hungary. Through OPIC, American business executives will see firsthand the great opportunity of Hungary.

Private investment is critical for Hungary. It means jobs, innovation, progress. But most of all, private investment means a brighter future for your children, a brighter future for Hungary.

And yet economic progress cannot be at the expense of the air we breathe and the water we drink. Six weeks ago, in Mainz, I proposed cooperation between East and West on environmental issues. And that is why I will ask the United States Congress to appropriate $5 million to establish an International Environmental Center for central and eastern Europe, to be based right here in Budapest, which will bring together private and government experts and organizations to address the ecological crisis. After all, our shared heritage is the Earth. And the fate of the Earth transcends borders; it isn't just an East-West issue. Hungary has led eastern and central Europe in addressing the concerns of your citizens for cleaner air and water. And now you can do even more, working with the West to build a bridge of technical and scientific cooperation.

Along these lines, I am also pleased to announce that the United States has proposed an agreement between our two countries to establish scientific and technical cooperation in the basic sciences and in specific areas, including the environment, medicine, and nuclear safety.

It is my hope that this visit will also lead to a wider exchange between East and West so our scientists, our artists, and our environmentalists can learn from one another; so that our soldiers and statesmen can discuss peace; and our students—God bless them—can discuss the future.

But to discuss anything requires a common language. The teaching of the English language is one of the most popular American exports. And as students, you know that English is the lingua franca of world business, the key to clinching deals from Hong Kong to Toronto. So, to open the global market to more Hungarians, I am pleased to announce that the Peace Corps will, for the first time, operate in a European country. And our Peace Corps instructors will come to Budapest and all 19 counties to teach English.

And in such exchanges, we want to help you in your quest for a new beginning as a democratic Hungary. So, the United States is also committing more than $6 million to cultural and educational opportunities in eastern Europe. We will make available funds for a series of major new U.S.-Hungarian exchange programs—among Congressmen and legislative experts; among labor business leaders; among legal experts; among community leaders, educators, and young people. We are creating dozens of fellowships to enable Hungarians to study at American universities. And we will fund endowed chairs in American studies at your universities, and books—many thousands of them—to fill the shelves of your new International Management Center and the libraries of schools and universities across Hungary.

And the United States will also open, within the next several years, an American House in the center of Budapest. Today the celebrated American architect Robert Stern is releasing his design for this center, which will be an open house of books, magazines, and video cassettes—an open house of ideas.

And so, in conclusion, in economic reform and democratic change, in cultural and environmental cooperation, there are great opportunities and great challenges. Hungary has a lot of work ahead, and so do the United States and Hungary, working together to build this better future—dynamic future.

Your challenge is enormous and historic: to build a structure of political change and decentralized economic enterprise on the ruins of a failed Stalinist system. And given the opportunity to show your characteristic initiative, creativity, and resourcefulness, I believe that the Hungarian people will meet the challenge. You stand on the threshold of a new era of economic development and, yes, political change.

And I believe with all my heart that you are ready to meet the future. I see a country well on the way. I see a country rich in human resources—rich in the moral courage of its people. I see a nation transcending its past and reaching out to its destiny. I congratulate you for having come so far.

And let us be equal to the opportunity that lies before us. Let us have history write of us that we were the generation that made Europe whole and free.

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Thank you all. God bless each and every one of you. Thank you very much.

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144. Election of Prime Minister of Poland

Statement by President Bush, August 24, 1989[23]

I want to congratulate Mr. Mazowiecki on his election as Prime Minister of Poland[24] and assure him of our strong support as he seeks to lead his country toward economic recovery and democratic change. I also salute President Jaruzelski, for his political wisdom in endorsing a government reflecting the genuine will of the Polish people, and Solidarity, under the leadership of Lech Walesa, for its constructive role in helping bring about a new beginning in Poland.

Since the roundtable agreement[25] of last April, Poland has pursued a path of democratic change. The elections in June, the convening of Poland's new Parliament and its election of President Jaruzelski as President, and now the election of Mr. Mazowiecki as Prime Minister, are further dramatic signs of this historic process. These developments hold promise not only for a peaceful democratic transition in Poland but also for a broader process of European reconciliation, toward a Europe whole and free.

At Hamtramck, Michigan, just after the signing of the roundtable agreement between the Polish Government and Solidarity, I pledged U.S. support for Poland's economic and political reforms. We reiterated that support during visits to Warsaw and Gdansk last month and announced measures we are taking to assist. I want the Polish people and their new government to know that they will have our continued support as they meet the serious economic and political challenges before them.

145. Economic Assistance for Poland and Hungary

Statement by the President's Press Secretary (Fitzwater), October 4, 1989[26]

The world has watched with wonder as Poland has moved—swiftly and peacefully—to form a new government under Prime Minister Mazowiecki, the first non-Communist government in Eastern Europe in more than 40 years. We salute Prime Minister Mazowiecki, President Jaruzelski, Solidarity leader Lech Walesa, and so many other distinguished Polish leaders for their courage in helping bring about a new beginning for Poland.

From the very start of this administration, President Bush has taken the lead in supporting reform in Poland in Hungary. At Hamtramck, Michigan, in April, on the day of the signing of the roundtable agreement in Poland, the President announced a set of measures to open U.S. markets and encourage private sector loans and investments. In July, he visited Poland and Hungary and spoke before the Polish Parliament, as well as to a massive gathering at the Solidarity monument in Gdansk. He announced a further comprehensive package of assistance measures to support Poland's economic and political regeneration, a package which took account of the fact that Poland did not yet have its new government or its new economic policies in place. He announced a similar program during his visit to Hungary, which is also embarked on a promising path of political and economic reform. A few days later, at the Paris economic summit, the President proposed and our summit partners agreed to a plan for concerted Western action to encourage and assist economic reform and democratic change in Poland and Hungary.

In early September, the administration submitted to Congress a comprehensive legislative proposal that would create a $100 million enterprise fund for Poland and a $25 million fund for Hungary, as well as a labor initiative and an environmental initiative together totaling $20 million. In addition to this $145 million proposal, and other initiatives taken by reprogramming existing resources, we have offered $100 million in emergency food aid to Poland in the coming fiscal year, in addition to $8 million in FY 1989. In dollar terms, this total package already involves over $250 million.

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[23] Source: *Weekly Compilation of Presidential Documents*, August 28, 1989, p. 1271.

[24] The elections were held August 24.

[25] See Document 134.

[26] Source: *Weekly Compilation of Presidential Documents*, October 9, 1989, pp. 1500–1502.

We have also moved to encourage new trade and investment by proposing that Congress grant both Poland and Hungary access to the U.S. Generalized System of Preferences and that it authorize the Overseas Private Investment Corporation (OPIC) to operate in both countries. On September 18, the President announced that he would grant Hungary permanent most-favored-nation status, contingent upon passage by the Hungarian Parliament of new emigration legislation, which has since occurred.

We have engaged the resources and creativity of the private sector, recognizing that the U.S. Government alone could not and should not render all the support Poland and Hungary require. On the eve of his trip to those countries in July, the President hosted a White House symposium in which he urged leaders from the American private sector—labor leaders, businessmen, educators, and others—to be actively engaged in supporting economic and political change in Eastern Europe. Labor Secretary Dole visited Poland in August and signed an agreement providing for U.S. technical assistance and bilateral exchanges in the labor field. In mid-September Commerce Secretary Mosbacher led a U.S. investment mission to Poland and Hungary, where he and American businessmen developed concrete proposals to encourage new private investments, joint ventures, and other forms of expanded U.S. business involvement in redeveloping these two economies.

The dramatic changes in Poland over the past 2 months have lent new urgency to our efforts. What Poland is doing is historic, in the largest sense of the word. It holds the promise not only of a peaceful transition to economic rule in Poland, but also of the beginning of the end of Europe's division, toward a Europe whole and free. It is also unprecedented: never before has a country attempted a successful transformation of state-controlled economic and political system into one of political pluralism, democracy, and a market economy. The new Polish Government under Prime Minister Mazowiecki has a chance to consolidate the public trust that is needed for the difficult economic steps ahead, but it faces major economic problems.

There is no disagreement that both Poland and Hungary need, and will have, strong U.S. support. There is no disagreement that the U.S. needs to play a leading role in developing a concerted Western approach to Poland's economic recovery. The question is how best to achieve our goal. We believe, as do our Western economic partners, that Poland can best go forward by reforming its economy and becoming creditworthy again by reaching early agreement with the IMF on an economic reform plan. We also support a prompt and generous Paris Club rescheduling of Poland's international debt. This, along with agreement with the IMF, will make Poland eligible for IMF and World Bank loans totaling hundreds of millions of dollars annually. It will also give confidence to official and commercial lenders and to investors, whose participation in Poland's recovery is vital.

Poland is taking important steps toward reforming its economy. The administration had a series of meetings last week with key Ministers in the new Polish Government and reviewed the outlines of their economic reform program. It is an ambitious and bold plan, calling for radical economic reform and rapid movement toward agreement with the IMF. An integral part of the plan is an urgent request for Western economic assistance in helping to stabilize the Polish economy as reforms are implemented. In the context of an agreement with the IMF, the Poles seek, in addition to IMF and World Bank support, $1 billion in stabilization funds from the Western industrialized countries.

In response to Poland's request, the President has decided on two major new steps. He will ask Congress to approve a $200 million grant for stabilization purposes, which would be the U.S. contribution to the $1 billion in Western assistance the Poles have requested. The grant would be contingent upon conclusion of an IMF agreement, and upon the recommendations of an experts mission that the President will send to Poland soon. The U.S. will be working closely with the summit seven and its other allies to make certain that the entire $1 billion is available to Poland for this stabilization fund since the concept can be effective only if the fund is fully financed. A program for use of the

$200 million U.S. contribution will be developed with the Polish Government. The President wants to work with Congress to develop a strong bipartisan approach toward the common goal of providing prompt and effective support to the Government and people of Poland.

It is important to complete development of a strategy to assist Poland's recovery. Toward that end, the President will send to Warsaw within the next few weeks a Presidential mission including senior U.S. officials, business leaders, and experts to discuss with the Polish Government its economic plans and evaluate its needs. This mission will make recommendations to the President based on their own findings and their deliberations with experts from the 24-nation Group for Economic Assistance to Poland and Hungary as to the most effective use of the $1 billion stabilization fund. This mission will also focus on those economic sectors where U.S. expertise and experience can be of greatest assistance—agriculture, business management, financial services, and others—pinpointing areas for reform and for productive use of assistance resources. The Congress can certainly be helpful in this endeavor. This initial mission will be followed by experts missions in key economic sectors. In addition, administration economists will examine urgently the structural economic changes Poland will face now and in the years ahead so that we can provide the most effective help possible to the Polish Government.

As the President has said, the futures of Poland and Hungary depend on concerted and sustained Western action. These efforts must be complementary, not duplicative, and must be coordinated with the efforts of the IMF and the World Bank. That is why the President called on our G-7 economic partners at the Paris economic summit to establish new mechanisms for coordinating our efforts. The resulting 24-nation group has already met 3 times under the chairmanship of the EC Commission. The EC on October 3 committed itself to $330 million in additional assistance, over and above the $271 million in emergency food aid already pledged by the United States, the EC, and other donors. It has also begun to develop a common assistance strategy for Poland and Hungary, along with working groups on food aid, environment, manpower training, and other specific areas of assistance. The goal is to set clear priorities, avoid redundant efforts, and assume maximum aid effectiveness.

West Germany, France, Britain, Japan, and several other countries have already announced their intention to provide substantial bilateral assistance. The IMF has indicated it will move quickly in assisting Poland to develop an overall economic stabilization and reform program, and the World Bank is prepared to extend promptly major new credits once an IMF program is in place, and to develop additional loans.

Finally, in order to continue the dialog with Poland's leaders that he began in July, the President is inviting President Jaruzelski and Prime Minister Mazowiecki to visit Washington at times convenient for each of them.

These are steps the administration has taken and will be taking in support of democratic change in Poland and Hungary: economic assistance conditioned upon real progress toward reform, business and technical assistance, the opening of investment and trade opportunities, and concerted Western action in conjunction with other industrialized democracies and the international financial institutions. These combined measures constitute an international recovery program that provides broad and substantial Western support for the historic changes now underway in Poland and Hungary.

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146. Political Reform in Hungary

Statement by the President's Press Secretary (Fitzwater), October 19, 1989[27]

Yesterday the Hungarian Parliament passed a series of constitutional amendments that mark a further dramatic step toward democratic change. These amendments provide for free and open elections and guarantee the freedoms of speech, assembly, and worship enshrined in our own Bill of Rights. Indeed, Hungarian legislators and scholars visited the United States several times to study the American Constitution and Bill of Rights, which they saw as models for their own constitution.

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[27] Source: *Weekly Compilation of Presidential Documents*, October 23, 1989, p. 1575.

These changes signify an historic break from the one-party state toward multiparty democracy, symbolized by the alteration of the country's official name from the Hungarian People's Republic to the Republic of Hungary. The United States welcomes these new steps, undertaken peacefully and through parliamentary means, and we take pride in the fact that in this bicentennial year of the Bill of Rights that living document has helped inspire democracy in Hungary. We are inspired that the idea of freedom is putting down new roots in Eastern Europe and pledge our continued strong support for this historic process.

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147. Meeting With Hungarian Minister of State Imre Pozsgay

Statement by the President's Press Secretary (Fitzwater), November 2, 1989[28]

The President met for approximately 30 minutes today with Hungarian Minister of State Imre Pozsgay, who is here on a brief private visit. They discussed the progress Hungary has made toward multiparty democracy, including the dramatic changes to Hungary's Constitution and the renaming of the country to the Republic of Hungary.

The President restated his commitment to the success of Hungary's democratic reforms, stressing that our support is for the process of change rather than for any particular party or candidate. In that connection, the President noted the arrival in Washington today of nine representatives of various Hungarian opposition groups, who are here for a 2-week USIA program on democratic electoral processes.

The President noted that the administration is urging Congress to act quickly on his request to establish a Hungarian-American Enterprise Fund, create a regional environmental center in Budapest, and authorize the Overseas Private Investment Corporation to operate in Hungary. The President mentioned that in a Rose Garden ceremony on October 26 he signed the documents needed to grant Hungary continuing most-favored-nation treatment and that on November 1 he designated Hungary as beneficiary of the Generalized System of Preferences.

Minister Pozsgay expressed his gratitude for U.S. economic and other assistance and welcomed the President's initiative for developing concerted Western action through the Group of 24 industrialized democracies.[29] He and the President agreed that these efforts are vital to continued economic progress and democratic change in Hungary.

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148. "Take Your Place in This House of Freedom"

Statement by President Bush, November 13, 1989[30]

Just before Christmas, 1981, a darkness descended across Poland for the third time this century. What had begun as a year of hope and freedom ended in violence and repression. In snow-filled crossroads and town squares across Poland, iron tanks rumbled to a stop. Lech Walesa made the sign of the cross on the foreheads of his sleeping children and was taken away into the night. Solidarity, a movement embracing the Polish Nation, was outlawed. Communications with the outside world were cut. And Poland awoke to snow and steel and silence, an entire nation imprisoned.

But you can't lock up a dream. One by one, candles lit the windows of Poland's farmhouses and tenements, silent beacons of liberty burning in the hearts of a brave and ancient people. And that Christmas Eve, not far from where we stand, a candle burned all night in the White House, like others all across America, glowing with solidarity with the Polish people.

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[28] Source: *Weekly Compilation of Presidential Documents,* November 6, 1989, p. 1665.

[29] See Document 58. For text of President Bush's July 16 statement at his news conference in Paris concerning his initiative to seek assistance to Poland and Hungary from the Group of 24 industrial democracies, see *Weekly Compilation of Presidential Documents,* July 24, 1989, p. 1111.

[30] Source: *Weekly Compilation of Presidential Documents,* November 20, 1989, pp. 1740–1741. President Bush made these remarks on presenting the Presidential Medal of Freedom to Lech Walesa in the East Room of the White House at 6:07 p.m. He also presented the Medal of Freedom to Lane Kirkland of the AFL–CIO.

When spring came, a time of renewal and rebirth, Lech Walesa's fate was still unknown. And as colleges and universities approached graduation, one by one, again and again, the same two names were heard. Lech Walesa and Solidarity. Of course, Lech Walesa could not come to accept those honorary degrees. And so, in crowded assembly halls and packed arenas across America, where every precious space was filled with proud and loving families, stage after stage held a single, unfilled place—an empty chair, bearing only the Solidarity banner—awaiting the release of Lech Walesa, the liberation of the Polish people.

We saw empty chairs in Maine and Pennsylvania, Rhode Island and Illinois. And at Notre Dame, the crowd stood for 3 minutes in cheering tribute to the man who wasn't there. At Holy Cross, Lane Kirkland accepted the award on Lech Walesa's behalf. And back in Poland, in a humble wooden church on the outskirts of Gdansk, an empty chair was placed near the altar for the baptism of tiny Maria Victoria, Lech's seventh child, a little girl he'd never seen.

For 8 years, these empty chairs and the American people have waited for you to come. We waited because we believe in freedom. We waited because we believe in Poland. And we waited because we believe in you. And today the waiting is over. Lech Walesa, man of freedom, is at the White House. We think of it as the house of freedom.

Lech Walesa, on behalf of the people of the United States, I am proud to say to you: Take your place in this house of freedom. Take your place in the empty chair. Now you can have a seat.

In just a few days, you will be the second private citizen from abroad—second in our history—to ever address a joint meeting of Congress, after the Marquis de Lafayette in 1824. And like him, you helped win an historic struggle. And like him, you represent not only a people but also an idea—an idea whose time has come. And nothing can stop an idea whose time has come. That idea is freedom. The time is now.

You were called a nobody. But Lenin and Stalin have been disproved not by Presidents or by princes but by the likes of an electrician from Gdansk and his fellow workers in a brave union called Solidarity. The Iron Curtain is fast becoming a rusted, abandoned relic, symbolizing a lost era, a failed ideology. And the change is everywhere—Poland, Hungary, Czechoslovakia. And ladies and gentlemen, the week that brought Lech Walesa to America is the week that the headlines proclaimed, "And the Wall Comes Tumbling Down."

So, what is happening in Berlin and on our television screens is astounding. World War II, fought for freedom, ironically left the world divided between the free and the unfree. And most of us alive today were born into that sundered world. And now almost 50 years have passed, and some have wondered all these years why we stayed in Berlin. And let me tell you! We stayed because we knew, we just knew—all Americans—that this day would come. And now a century that was born in war and revolution may bequeath a legacy of peace unthinkable only a few years ago.

The story of our times is the story of brave men and women who seized a moment, who took a stand. Lech Walesa showed how one individual could inspire others—in them a faith so powerful that it vindicated itself—changed the course of a nation. History may make men, but Lech Walesa has made history. And I believe history continues to be made every day by small daily acts of courage, by people who strive to make a difference. Such people, says Lech, "are everywhere, in every factory, steel mill, mine, and shipyard—everywhere." And we've certainly seen them in the American labor movement, where from the leadership of Lane Kirkland to the rank and file across the country, they have struggled in the vanguard of the free labor movement around the world.

Our own humble electrician, Ben Franklin, declared that "Our cause is the cause of all mankind, for we are fighting for their liberty in defending our own." And like Franklin, who seized lightning from the skies and brought it to Earth, Lech Walesa seized an idea, a powerful idea, and with it electrified the world. The idea is freedom. And the time is now.

Country by country, people by people, year by year, courageous new voices are raised in a hundred languages—Spanish, German, Chinese, Russian. And yet from these varied lips comes a word all can understand: freedom. And with one voice, the people of the world have spoken: freedom. In America, it's our greatest natural resource, the secret of our success. And freedom will bring success to Poland, too. American aid has begun, and more is coming. From Washington to Warsaw, Kansas City to Krakow, from Green Bay to Gdansk, Americans are linked in spirit with the Polish people in their brave struggle for opportunity, prosperity, and freedom.

Lech Walesa, by your abiding faith and by the miracle of democracy's new birth in your homeland, you have come to personify the new breeze that is sweeping the world, East and West, the spiritual godfather of a new generation of democracy. And even while Solidarity was banned, your example and the example of the Polish people was mirrored across Asia when "People Power" became a chant, first in the Philippines and then in Pakistan and South Korea and, yes, even in Tiananmen Square. The whole world is watching, and the whole world is with you.

Thank you. Poland, for showing us that the dream is alive. And thank you, Poland, for showing us that a dream wrought by flesh and blood cannot be stilled by walls of steel. Thank you, Poland, and thank you, Lech Walesa.

And now, it is with great pride that I bestow the medal, previously awarded to the likes of Martin Luther King and President John F. Kennedy, Anwar Sadat, Mother Teresa. It is our nation's highest civilian honor. So, Mr. Walesa, if you'll come over here, let me read the citation:

> To Lech Walesa, of Gdansk, Poland, the Presidential Medal of Freedom. Lech Walesa has shown through his life and work the power of one individual's ideals when combined with the irresistible force of freedom. Through moral authority, force of personality, and demonstrated heroism, he has inspired a nation and the world in the cause of liberty. The United States honors a true man of his times and of timeless ideals: Lech Walesa, distinguished son of Poland, champion of universal human rights.

149. Support for East European Democracy Act

Statement by President Bush, November 28, 1989 (Extracts)[51]

I have today signed H.R. 3402, the "Support for East European Democracy (SEED) Act of 1989."[52] This legislation authorizes $938 million in assistance to promote democratization in Poland and Hungary. It authorizes various programs to help promote reform in these countries, including economic stabilization, trade liberalization, Enterprise Funds to nurture private sector development, labor market reform, and enhanced environmental protection.

. . . .

In July I visited Poland and Hungary to meet with their leaders and to see for myself the changes occurring in these two countries. During those visits, I had the opportunity to address a joint session of the Polish Parliament[53] and to speak on political and economic reform to a large group at the Karl Marx University in Budapest.[54] I announced a series of steps designed to further demonstrate U.S. support for the ongoing reform efforts in Poland and Hungary. My administration has been working vigorously since that time to implement the measures I announced. Where legislation was not needed, we have moved forward. This legislation, signed into law today, will allow us to implement the remaining measures. We plan to move forward as quickly as possible to put these measures in place.

This legislation contains one other measure I requested in October—the authorization for a contribution to a Stabilization Fund in response to a request from the Polish Government. I applaud the Congress for responding to this request in such an expeditious fashion. We are now working with our major Allies and the G–24—the group established by the Paris summit to coordinate aid for Poland and Hungary—to obtain the additional financing needed for this Fund.

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[51] Source: *Weekly Compilation of Presidential Documents*, December 4, 1989, pp. 1839–1840.

[52] P.L. 101–79, approved November 28, 1989; 103 Stat 1298.

[53] See Document 142.

[54] See Document 143.

The passage of this legislation marks a major and positive step in bipartisan foreign policy. The national consensus for support for Poland and Hungary has been strong. The Congress has crafted a bill responsive to my requests, as well as providing a number of additional programs, all designed to support our national goal: to help further the cause of political and economic freedom in Poland and Hungary.

It is particularly gratifying that this measure comes before me at this time. The peaceful revolution that has taken place in Poland is the work of many people. However, one man, Lech Walesa, stands above all others in this regard. He kept the faith through the dark years of martial law. He saw the opportunities of the Roundtable and committed himself and his organization to this historic process. Recently he spoke to a joint session of Congress. It is only appropriate that, as I sign this measure, we pay tribute to Lech Walesa.

Finally, I note that several sections of the Act direct that various executive agencies shall cooperate in specified ways with foreign officials, and that specified goals shall be pursued in our bilateral relations with certain countries or in multilateral fora. Keeping with past practice, I shall treat these provisions as advisory, not mandatory. I believe that this interpretation also comports with the Congress' express recognition of the need for "maximum flexibility" in implementing the provisions of this Act.

Other sections of the Act also require the President to submit reports that include his recommendations for appropriate levels of various types of assistance for Poland and Hungary. The Constitution grants exclusively to the President the power to recommend for the consideration of the Congress such measures as he judges necessary and expedient. Because the Congress may not by law command the President to exercise in particular circumstances the power that the Constitution commits to his judgment, such provisions have always been treated as advisory rather than mandatory.

150. Loans to Poland

Statement by the President's Deputy Press Secretary (Popadiuk), December 13, 1989[55]

The President announced today U.S. participation in a short-term bridge loan for Poland. The Department of the Treasury will be providing such financing as part of the multilateral arrangement now under discussion, which is expected to total up to $500 million. The U.S. share is expected to be up to $200 million.

United States participation in this arrangement reflects support for Poland's economic reform program designed to restore sustained growth. Provision of the short-term bridge financing would be contingent upon Poland's agreement to an International Monetary Fund (IMF) program which would enable Poland to qualify for IMF financing. The bridge loan would be repaid from disbursements under this IMF program and under anticipated loans from the World Bank.

The short-term bridge loan is distinct from a $1 billion multilateral Stabilization Fund which is being established on behalf of Poland. This Fund is to be established to support a new exchange rate policy which is part of Poland's overall economic reform program. The Stabilization Fund will also serve to complement the IMF program. The U.S. contribution to the Stabilization Fund would be $200 million, in the form of a grant. Efforts to secure participation of other countries are nearing completion, and preparatory work on the Fund is underway.

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[55] Source: *Weekly Compilation of Presidential Documents*, December 18, 1989, p. 1950

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151. "Economic Reform Plans Must Break With 40 Years of Stagnation"

Statement by Secretary of State Baker, Brussels, December 13, 1990 (Extracts)[36]

The United States welcomes this opportunity to discuss the momentous events sweeping Eastern Europe. Truly the multiplying effects of people power are creating a new East-West equation. Ordinary men and women are peacefully asserting their basic human rights on a scale unimagined at the start of this year; 1989 is the year the people of Eastern Europe acted to seek to make Europe whole and free.

It is our task to support this courageous reform effort. After the streets empty of demonstrators, after the people select new leaders, after governments become the servants of the people, after all this, the economies must put food on the table and goods on the shelves of stores. New economic reform plans must break with 40 years of stagnation to unleash private market forces. Here is where we can help—indeed, must help—if we are to meet the call of history.

The G–24 has already played a major role in supporting reform in Eastern Europe. As I said yesterday in Berlin,[37] the Bush administration is exceptionally pleased with our agreement at the Paris economic summit that the European Commission should assume a special role in the Group of 24 efforts to promote reforms in Poland and Hungary.[38] Since then we have accomplished much, working together. For our part, the United States has authorized approximately $1 billion of assistance to those two nations—the vast majority in grant form.

. . . .

Working together we have made a good start in assistance for Poland and Hungary, but there is much more to be done. In the coming months, the new Polish Government and new Hungarian Government will face difficult challenges as they each take the unprecedented step from a centrally planned economy to a market economy.

I believe the EC can play an especially strong role in this process. The EC has been a magnet that has drawn East European reformers to market principles. Perhaps the EC could provide special opportunities for improved economic interaction as political and economic reforms reach certain stages. The first thresholds, and rewards, could be set at levels that might be attained before long. Other levels might approach the type of ties the EC is seeking to work out with the EFTA nations. Such a sequence of possibilities could supply that most valuable of offerings—hope.

As the reforms in Poland and Hungary progress, we also need to examine continually how we can best support reforms, especially once IMF agreements are in place. Indeed, in coordinating our assistance efforts, we need to work together with the International Monetary Fund (IMF), as well as with the World Bank, the OECD and the Paris Club. We should strive to help the policies of these various organizations to be mutually reinforcing.

Finally we cannot ignore the fact that events in Czechoslovakia, the German Democratic Republic, and even Bulgaria make it clear that our efforts at coordinating Western responses are addressing only the first phase of the challenge of economic and political reforms in Eastern Europe. This point became especially clear to me after visiting the G.D.R. yesterday.[39] Both church leaders and Premier Modrow told me that economic progress in the G.D.R. is a critical component for maintaining gradual, peaceful change—and perhaps even preventing a rush of G.D.R. citizens to the Federal Republic of Germany (F.R.G.).

Coordinated Western action to help promote democratic institutions, political pluralism, and market-oriented economies will remain critical to the prospects for successful, irreversible reforms. We must stand ready to assist countries that make meaningful progress toward economic and political changes, and I hope that as we assist an increasing number of reforming countries, the G–24 coordinating process will remain a model of smooth and successful Western cooperation.

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[36] Source: Department of State Press Release No. 246, December 14, 1989. Secretary Baker spoke to the ministerial meeting of the Group of 24 convened December 13 to address the question of assistance to Poland and Hungary. The Secretary visited London December 11, Berlin December 11–12, Bonn December 12, and Brussels December 12–16 where he attended ministerial meetings of the Group of 24, the North Atlantic Council, and the European Communities.

[37] See Document 126.

[38] See Document 58.

[39] See Document 163.

Let me close by again commending President Delors and the work of the European Commission. The Paris economic summit presented the EC with a new challenge, a challenge that can only grow in importance. My government looks forward to continued coordination as we work to institutionalize people power and overcome the division of Europe. The Commission has performed admirably and deserves our appreciation.

We also look forward, if others agree, to another ministerial meeting next year to review our progress—and to spur it forward.

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152. Group of 24 Assistance to Poland and Hungary

Declaration of the Group of 24, Brussels, December 13, 1989[40]

1. Ministers of the 24 expressed their strong support in political and economic terms for the progress in Central and Eastern Europe toward pluralistic democracy, the rule of law and market-oriented economies.

These historic changes, occurring within a stable framework, will contribute greatly to individual freedom, peace and prosperity and to overcoming the division of Europe, which in turn will strengthen overall global stability.

2. They welcomed the statements made by the Foreign Ministers of Poland and Hungary on the reforms being introduced in those two countries, to which the 24 had already reacted politically by the creation of a dynamic relationship.

3. Against this background they confirmed their commitment to assistance for the restructuring of the Polish and Hungarian economies, reviewed the initiatives already underway and stressed the importance of timely and global action endowed with adequate resources.

Food to deal with Poland's most urgent short-term needs is being delivered and made available to consumers under conditions agreed with the Polish authorities. A new package of food supply measures is foreseen early next year by the Community. Some other members of the 24 will consider participation in the new food supply action. The urgent need for medical supplies was also recognised.

Trade measures are being taken to facilitate access for Polish and Hungarian exports to the markets of the 24.

Priorities for assistance programmes and projects are being identified in coordination with the Polish and Hungarian authorities in key sectors including improvements in agricultural production, training, including the training of managers, staff and public administrators and the promotion of foreign investment. Ministers underlined the importance of further substantial contributions to sound and sustainable policies for the improvement of the environment in both countries.

Some ministers recognised the possibility of also having recourse, within such assistance programmes, to official development aid funds while safeguarding flows to traditional recipients of official developmental aid. They also stressed the importance of drawing on contributions from the private sector in the 24, and of helping to construct a flourishing private sector in Poland and Hungary.

4. Ministers welcomed the many new initiatives taken and in particular the substantial financial means being pledged by members of the 24 to support stabilization and restructuring in Poland and Hungary.

Ministers welcomed the attainment of the one-billion-dollar goal for the establishment of a stabilization fund for Poland to stabilize the exchange rate of its currency and to promote the Polish Government's overall economic restructuring programme. Several members of the 24 have committed substantial resources to such a fund to be made available following the conclusion of an agreement with the IMF. It is imperative that the remaining technical questions related to implementing the fund be resolved without delay.

Ministers also welcomed the European Council's reference to the need for an adjustment loan for Hungary of one billion dollars, as proposed by the Commission, to be made available following the conclusion of an agreement between Hungary and the IMF.

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[40] Source: Department of State files.

Ministers of the 24 welcomed the indications given by the Managing Director of the IMF and hoped that the current negotiations would be concluded shortly.

5. The European Council's conclusions concerning the creation of a European Bank for Reconstruction and Development, the establishment of [a] foundation for vocational training as well as study exchange programmes for young people were favourably received. Participation in the Bank is being considered by other members of the 24. The arrangements for the establishment of this Bank will be discussed among those members of the 24 interested in participating, and with the European Investment Bank and the EC.

Individual projects such as the United States' $300 million Enterprise Fund for Poland and Hungary having in some respects a purpose similar to that of the proposed European Bank for Reconstruction and Development, Ministers suggested exploration of possible relationships between these approaches.

6. Ministers emphasized the need for aid and cooperation programmes to be fully coordinated and complementary.

Ministers expressed their appreciation for the coordination carried out by the European Commission and invited it further to define, through the working groups of the 24, priorities with the Polish and Hungarian authorities within which the further actions of the 24 would be carried forward. Ministers expressed their willingness to examine new initiatives in the light of progress made and undertook to support the participation of members of the 24 in joint projects. They asked the Commission, which will be opening delegations in Warsaw and Budapest early in 1990, to coordinate the implementation of such joint projects in the countries concerned.

Ministers welcomed the close cooperation established in the framework of the 24 with the IMF, IBRD, OECD, Paris Club and the EIB, which are developing their activities in Poland and Hungary in the specific areas of their responsibilities.

7. Ministers encouraged Poland and Hungary to strengthen the process of political reform and economic liberalization and welcomed the fact that other Central and Eastern European countries have begun to follow the same course. The 24 renewed their commitment to sustain efforts in favour of Poland and Hungary for the period necessary to enable them to complete the transition to a democratic and market-oriented system. The 24 are prepared to widen the scope of their assistance.

8. Ministers indicated their willingness to respond positively to other countries in Central and Eastern Europe and in particular the German Democratic Republic, Czechoslovakia, Bulgaria, and Yugoslavia, at the time they put into place necessary political and economic reforms.

The 24 would welcome requests to join the group from other states, which would make their own contributions to the efforts underway.

9. Ministers also stressed the importance of the economic and political reform process underway in the Soviet Union.

10. Ministers decided that they would meet again in the light of new developments, and in any event in 1990.

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153. Condemnation of Romania's Barbaric Repression

Statement Read by the Department of State Acting Spokesman (Boucher), December 21, 1989[41]

Antiregime demonstrations in Timisoara and the Ceausescu regime's brutal and violent crackdown against them continue, according to unofficial reports we have received. Estimates of deaths and injuries since these disturbances began last weekend continue to mount. A massacre of undetermined proportions is believed to have taken place.

The Romanian Government has declared a state of emergency in Western Romania, and U.S. Embassy personnel attempting to visit cities in the region have been turned back by security roadblocks. Romania's borders remain closed. A new travel advisory for Romania is now in effect.

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[41] Source: Office of Press Relations, Department of State. This statement was read at the Department of State Daily Press Briefing which began at 12:57 p.m.

We are hearing increasing reports of antiregime protests and strikes in other Romanian cities, including the capital, Bucharest. Yesterday, upon his return from a visit to Iran, an unrepentant President Ceausescu went on national TV to blame the unrest on "fascists" and "imperialist circles" abroad, which are frequently used regime euphemisms for Hungarians.

In fact, however, the growing antigovernment movement emcompasses all of Romania's nationalities who are showing their unalterable opposition to Ceausescu and his policies.

Earlier today, an attempt by Ceausescu to deliver a public address to a large regime-organized crowd in downtown Bucharest was temporarily interrupted by shouts of "down with Ceausescu." An antigovernment demonstration with some 10,000 to 15,000 participants ensued. The latest reports indicate security forces are unable to quell the crowd and are firing on these unarmed demonstrators. In fact, a just arrived report from U.S. Embassy Bucharest states that 13 young people were killed by automatic weapons fire from government security forces during a major antiregime demonstration, which continues now in the center of Bucharest about two blocks from the Embassy. Other fatalities may have occurred as well. In addition, the security forces have used tear gas and water cannon. We are monitoring these developments very closely.

All U.S. Embassy personnel are safe and accounted for and have been ordered to remain indoors. We have no reports of casualties among the small U.S. citizen population in Romania.

The U.S. Government issued a statement Tuesday condemning the Romanian Government's barbaric repression in Timisoara and its denial of human rights to all Romanian citizens.[42] Our Ambassador in Bucharest, Alan Green, Jr., has so far been rebuffed by the Romanian Government in repeated attempts to deliver a strong protest against the repression in Timisoara. We understand that other Ambassadors in Bucharest have similarly been denied access to government officials.

Deputy Secretary Eagleburger attempted to see the Romanian Ambassador in Washington yesterday. He was told the Ambassador was unavailable. We have summoned the Romanian Ambassador to come to the Department tomorrow to receive our protest.

Yesterday, at U.S. initiative, NATO in Brussels issued a strong condemnation of Romanian Government actions. The U.S. and NATO statements are available in the Press Office. Also yesterday, at a meeting in Vienna of the 35-nation talks on confidence- and security-building measures, a part of the Helsinki process, the Romanian Delegate was unsuccessful in preventing a declaration by the other representatives condemning the violence in Romania.

The European Community Monday issued its own joint condemnation of Romania's actions, and all of Romania's Warsaw Pact allies have individually criticized the Romanian repression. Several European governments intend to raise the Romanian Government's barbaric actions before the U.N. Security Council. We are supporting that initiative, and we are working with them.

As you know, our bilateral relations, including various programs of cooperation, have deteriorated substantially in recent years due to Romania's worsening human rights record. Because of that record, Romania no longer enjoys most-favored-nation status or other U.S. commercial concessions.

Current developments in Romania call into serious question the continuation of other ties we retain in the economic and scientific cooperation area, and we are carefully reviewing our next steps.

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[42] See Document 84.

154. Fall of Ceausescu Regime

Statement by the President's Press Secretary (Fitzwater), December 22, 1989[43]

Today, December 22, a terrible burden appears to have been lifted from Romania: the burden of dictatorial rule. The United States shares the rejoicing of the Romanian people and joins them in their hopes for peaceful transition toward democracy. We regret the tragic and senseless loss of life over the past week and urge that further violence be avoided.

The United States salutes the decision by representatives of the Romanian Government to order a cessation of the brutal police repression and to bring a merciful end to the Ceauşescu dictatorship. We hope the Romanian Government will now move quickly to respond to the demands of its people for democratic change and that it will commit itself to a peaceful transition.

The tragedy of Timisoara will never be forgotten. It will serve as a permanent reminder that the aspiration for fundamental human rights cannot be extinguished by force of arms. The United States is ready, as it has always been, for better relations with Romania. If Romania moves along a path of genuine democratic reform, the United States pledges its strong support and assistance.

We hope that Romania will soon join the other countries of central and eastern Europe which have ushered in a new era of cooperation between East and West.[44]

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155. U.S. Assistance to Romania

Statement by the President's Press Secretary (Fitzwater), December 27, 1989[45]

The President has sent a message of congratulations to Romania's new head of state, President Ion Iliescu. The President expressed his sympathy over the tragic bloodshed over the past 2 weeks and his hope that Romania will now move along a peaceful path of democratic change.

To assist in the humanitarian relief efforts in Romania, the United States Government, through the Office of Foreign Disaster Assistance, has donated $500,000 to the International Committee of the Red Cross. On December 28, the United States will airlift an additional $250,000 in relief assistance, consisting mainly of emergency medical supplies. A five-member U.S assessment team will depart for Romania this week to assist the new Romanian government in determining its emergency relief needs and to coordinate U.S. assistance measures.

In his message to President Iliescu, the President expressed the hope that the new Romanian government will move quickly to implement democratic reforms based on the rule of law. He pledged U.S. support and assistance as Romania meets these challenges during the difficult transition ahead.

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156. Election of Vaclav Havel as President of Czechoslovakia

Statement by the President's Press Secretary (Fitzwater), December 29, 1989[46]

The President has sent a warm message of congratulations to Vaclav Havel upon his election as President of Czechoslovakia. The President noted the strong links between America and Czechoslovak democracy, going back to the creation of the Czechoslovak state in 1918, and pledged his commitment to the renewal and strengthening of political, economic, and cultural ties between Czechoslovakia and the United States.

President Havel's election marks a fitting end to a year of astonishing change in Eastern Europe. A distinguished playwright and founding member of the human rights group Chapter 77, Vaclav Havel was barred from publishing his works and often imprisoned for his activities in defense of democratic freedoms. His election, as the President noted in his message, is living proof of what Mr. Havel has called the "power of the powerless" to bring about peaceful democratic change.

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[43] Source: *Weekly Compilation of Presidential Documents*, December 25, 1989, p. 1985.

[44] President Nicolae Ceausescu and his wife were tried by a military court and executed by the army on December 25.

[45] Source: *Weekly Compilation of Presidential Documents*, January 1, 1990, p. 1998.

[46] Source: *Weekly Compilation of Presidential Documents*, January 1, 1990, p. 2003.

This event also symbolizes a new beginning for all of Eastern Europe. Last spring, Poland and Hungary led the way toward peaceful democratic change. In the fall, popular pressures in the German Democratic Republic, Czechoslovakia, and Bulgaria led to rapid movement toward democratic reform. And in December, protests in Romania led to the overthrow of dictatorial rule and the advent of a new leadership committed to a democratic agenda, including the holding of free elections. These changes, unimaginable only a few months ago, offer fresh hope for the peoples of Eastern Europe and for ending the artificial division of Europe, toward a Europe whole and free. As the heady changes of 1989 give way to the challenges of 1990, the United States reaffirms its strong support for the processes of economic recovery and democratic change in Eastern Europe.

E. France

157. Visit of President Mitterrand

Press Briefing by Secretary of State Baker, Kennebunkport, May 20, 1989[1]

Let me start by saying that the President and President Mitterrand had excellent talks today. They thought that the West has seldom been in a stronger position. They discussed preparation for the NATO summit and they expected NATO's 40th anniversary to be a successful and forward-looking event.

The two Presidents stressed the absolute need to maintain nuclear deterrence in Europe and that we should concentrate now on conventional force negotiations.

They exchanged views on events in the Soviet Union and shared the hope that Mr. Gorbachev's reform efforts would succeed. The Presidents had an extended exchange on the West's approach to the changes going on in Eastern Europe and agreed that the West must be actively involved in promoting peaceful and economic change in that region.

They went over recent events in the Middle East peace process, particularly emphasizing their support for the Arab League's attempt to achieve a cease-fire in Lebanon.

Minister Dumas and I discussed the situation in Panama and condemned together General Noriega's attempt to steal the Panamanian election. We further stressed the need for Nicaragua—the Sandinistas in Nicaragua to live up to their commitment to democratization.

And finally, the President and President Mitterrand naturally discussed the week's events in China and their hope that restraint would be the order of the day.

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158. "Our Goal . . . To Integrate the Soviet Union Into the Community of Nations"

Press Conference by President Bush, Boston, May 21, 1989[2]

Thank you, Mr. President. Well, first let me just say what a pleasure it was having President Mitterrand and Madame Mitterrand as our guests in Maine. We've just come from the commencement of Boston University. And nothing better symbolizes the strength of the friendship and the common values which we share—which our two nations share—and which really the President celebrated with us 8 years ago, when he came to Yorktown, celebrating the 200th anniversary of that battle.[3]

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[1] Source: White House Press Release, May 20, 1989, Office of the Press Secretary to the President. This briefing, which began at 3:10 p.m., was conducted at the St. Anthony Franciscan Monastery and was followed by questions from reporters. President Mitterrand, who was in the United States May 20–21, visited President Bush at his residence in Kennebunkport, Maine.

[2] Source: *Weekly Compilation of Presidential Documents*, May 29, 1989, pp. 750–751. President Bush held a joint news conference with President Mitterrand, which began at 1:28 p.m., on Nickerson Field of Boston University following commencement exercises. After initial statements, the two Presidents answered questions from reporters. Mitterrand spoke in French, and his remarks were translated by an interpreter. For text of President Bush's commencement address, see Document 119.

So, the weekend was not all work and no play; it provided a good opportunity for us to discuss many of the main issues on the international agenda. And by the end of this week, both of us will be traveling to Brussels for the NATO summit. We agreed on the central role the Atlantic alliance has played in keeping the peace for the past four decades, the enduring value of this partnership in the common defense in the years ahead. And we also agreed on the critical contribution the nuclear deterrent has made in keeping us free and secure and at peace. We also talked about the opportunities that lie before us in the light of the changes now taking place in the Soviet Union and in Eastern Europe. And both of us will watch developments in the Soviet Union, seeking signs of lasting change. Of course, we discussed the dramatic events now taking place in Beijing, in China. The President, I believe, shares my view—I'll let him speak for himself—that our goal should be a bold one, to move beyond containment, towards the integration of the Soviet Union into the community of nations. And of course, we discussed how the United States will relate to France and the rest of Western Europe in the years ahead.

I sensed an excitement on his part about the future. We exchanged views about the themes that I touched on in my earlier remarks here at B.U.—America's readiness for a more mature transatlantic partnership, the vision of a commonwealth of free nations as a bridge to overcome the divisions of Europe. And we also discussed the potential for improved cooperation with the EC as we approach 1992 and the single European market, as well as the prospects for greater Western European cooperation in addressing the political and global issues around the world. And I heard his clarion's call for cooperative action on the environment, and I salute him for that.

Beyond the NATO summit and East-West relations, we exchanged views on so many subjects, many of which will be on the agenda at the Paris economic summit. We agreed that more needs to be done in practical, realistic ways to deal with the environment and to deal with the problems of global warming. And we also reviewed ways of advancing the peace progress in the Middle East, the urgent need to try to find, or be helpful in finding, a solution to the situation in Lebanon.

On the question of peace and democracy in this hemisphere, in Central America, we share the view that democracy must be restored in Panama and that the commitments undertaken at Esquipulas[4] are the key to peace and democracy in the region.

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159. Meeting With President Mitterrand

Press Conference by President Bush and President Mitterrand, St. Martin, French West Indies, December 16, 1989 (Extract)[5]

PRESIDENT MITTERRAND. Ladies and gentlemen, we have just completed our political conversations, and we have spoken for several hours of those subjects which seem most important, given the turn of events in the world. You already have the lists, I can imagine, just in your own minds.

First of all, the evolution of Europe, and naturally Eastern Europe, and particularly Eastern Germany, without forgetting others. Our recent meetings with Mr. Gorbachev—the conclusions, or what we could infer from these conversations, enabled us to compare points of view and our impressions. And at the same time, we dealt with all the subjects connected to the ICSC Conference on various forms of disarmament and the forms of assistance, namely bank, vis-à-vis Eastern countries.

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[3] President Mitterrand visited the United States October 15–19, 1981, for the bicentennial celebration of the battle of Yorktown; see *American Foreign Policy: Current Documents, 1981*, pp. 523–526.

[4] For text of the Central American peace agreement signed by the Presidents of the five Central American governments, at Guatemala City, August 7, 1987, see *ibid., 1987*, pp. 749–753.

[5] Source: *Weekly Compilation of Presidential Documents*, December 25, 1989, pp. 1959–1963. President Bush visited St. Martin for 1 day following his December 11–16 European trip in order to meet with President Mitterrand. The joint press conference took place in the Admiral Room of the Hotel L'Habitation de Lonvilliers following a working luncheon. Mitterrand, who spoke in French, began at 3:29 p.m. and his remarks were translated by an interpreter.

And moving from this very major problem, we dealt with other matters, such as Lebanon, for instance. And we considered the evolution of attitudes vis-à-vis the problems arising for peace and the various pressing statements of the Secretary of State, Mr. Baker—what we both thought about it and what could be done to take into account the rapid evolution of events and situations. It would be ridiculous to let themselves be superseded by events, and at the same time, one needs to assess them. Things move fast. They moved very fast during these past few weeks, and they might move very fast in the coming weeks. And let us seriously consider what is going on from day to day without losing sight of desirable perspective.

Well this is a list. It's a pure description—what I'm doing here. I'd like to leave it up to you to stress those points you're most interested in.

But first of all, I would like to say how very pleased I was to be able to receive President George Bush. It is a very great pleasure and a very great honor for our country as we are here at home in French land and our neighbor and personal friend, as well, came to talk with us, to talk about the experience acquired during these difficult days, our feelings and our values. And I must say that from most points of view we reached a harmony of views and were able to develop a common policy not only amongst ourselves but with others. And therefore, I would like to repeat here how very pleased we were in St. Martin to be able to receive George Bush not only as the President but also because of the people he represents. And it occurred very informally, as you see—as it always does. I felt somewhat the same atmosphere we had in Kennebunkport in the home of George Bush. And it continues exactly in the same spirit. And I would very much like this to go on for a long time. Thank you.

President Bush. Thank you, Mr. President. Let me simply thank you for your hospitality—everyone else in St. Martin—and to say that, as with our earlier talks—not just in Maine but in Paris at the time of that glorious celebration.[6] Off in the corner at NATO—I learned a lot. I can say to this distinguished group that I feel that France and the United States, regarding these dynamic changes that are taking place, are very close together. And I would also add that I think it is very important that France and the United States be close together as we discuss the changes that are taking place.

. . . .

F. Germany

160. "I Reaffirm This Nation's Commitment to Berlin"

Statement by President Bush, August 12, 1989[1]

Twenty-eight years ago, a barrier of steel and stone was erected in the heart of Berlin. It stands there still—now more than ever a relic of a bygone era and a failed philosophy.

The barbed wire that severed a great city also proclaimed in stark, inhuman terms the unnatural division of Europe. Beyond its tragic human cost over the years, rending families and friends, the Berlin Wall has affronted the free world with an alien vision of closed societies where basic freedoms are denied.

The courageous people of West Berlin tend the precious fire of freedom as an example for us all. The city prospers and benefits from their innovative spirit and from expanding international ties. Its cultural diversity, economic vigor, and political pluralism are the fruits of boundless imagination at work in a democratic community. The United States is proud to have contributed to Berlin's freedom and vitality. We remain firm in our commitment to assure the city's security and well-being. In a year which marks the 40th anniversary of the airlift, such historic bonds between Americans and Berliners carry special meaning.

The United States is also committed to improving the lives of Berliners and to bringing closer the day when the city is again united. Together with our British and French allies, we have put forward an initiative to make such progress a reality. We want Berlin to enjoy greater access to the world through expanded air links, to be a center of international meetings and sports events, and to foster more human contacts which lead to better understanding. As I said in Mainz on May 31,[2] we want Berlin to be a place of cooperation, not a point of confrontation. We have asked the Soviet Union, as part of its four-power responsibilities for Berlin, to join us in achieving these goals. We still await what we hope will be a positive response.

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[6] Regarding the Paris Economic Summit, July 15–16, see Documents 56 ff.

[1] Source: *Weekly Compilation of Presidential Documents*, August 21, 1989, p. 1237.

We observe this sad anniversary with renewed determination to overcome the division of Berlin and Europe. On behalf of the people of the United States, I reaffirm this nation's commitment to Berlin's freedom and prosperity. The tide of history has turned, and we look to a future Europe whole and free. As we now mark the day the Wall was built, so shall we inevitably celebrate a day when it no longer divides Berlin, the German people, and the nations of Europe.

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161. "I Welcome the Decision . . . To Open the Borders"

Statements by President Bush, November 9, 1989 (Extract)[3]

We just wanted to make a brief statement here. I've just been briefed by the Secretary of State and my national security adviser on the latest news coming out of Germany. And of course, I welcome the decision by the East German leadership to open the borders to those wishing to emigrate or travel. And this, if it's implemented fully, certainly conforms with the Helsinki Final Act,[4] which the GDR signed. And if the GDR goes forward now, this wall built in '61 will have very little relevance. And it clearly is a good development in terms of human rights. And I must say that after discussing this here with the Secretary of State and the national security adviser, I am very pleased with this development.

Q. Mr. President, would the United States now consider doing more to help West Germany to take care of some of these East Germans coming into that country? Is there more that you could do now to help West Germany accommodate—

The President. Well, we have such a close relationship with the Federal Republic that if Chancellor Kohl asks us to be of some assistance I'm certain we would give it serious consideration. I mean, I don't know what it is they'd have in mind, because I think with a truly open border it is hard to predict how many will be trying to leave. And so, it's a dynamic development, and we just have to wait and see. But our relationship with the Federal Republic is such that we would want to be of the maximum help if it was needed. So far, Germany has done a magnificent job in handling those who have preceded this new exodus.

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162. U.S. Position on the Reunification of Germany

Statement by Secretary of State Baker, November 29, 1989[5]

On the question of German reunification, let me simply say that I think that our position on that should essentially embrace four principles, if you will. First of all, that self-determination must be pursued without prejudice as to its outcome; that is, we really shouldn't endorse or exclude any particular vision of unity. Unity can mean a lot of things. It can mean a single federal state; it can mean a confederation; or it could mean something else.

If there is unification—the second principle, I think—if there is unification, it should occur in the context of Germany's continued alignment with NATO and an increasingly integrated European Community; that is, there should be no trade of neutralism for unity, and there should be no dilution of the Federal Republic of Germany's liberal democratic character.

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[2] Document 124.

[3] Source: *Weekly Compilation of Presidential Documents*, November 13, 1989, p. 1712. The President spoke at a question-and-answer session with reporters at 3:34 p.m. in the Oval Office of the White House.

[4] For text of the Helsinki Final Act, August 1, 1975, see *ibid.*, September 1, 1975, pp. 323–350.

[5] Source: *Weekly Compilation of Presidential Documents*, December 4, 1989, pp. 1842–1843. Baker spoke during a press briefing at 12:32 p.m. in the Briefing Room of the White House.

Third principle: In the interests of general European stability, I think I would prefer to see moves toward unification be peaceful, gradual, and part of a step-by-step process.

And lastly, with respect to the question of borders, which was not addressed in Chancellor Kohl's speech,[6] I think we should reiterate our support for the principles of the Helsinki Final Act, recognizing the inviolability where I said, "We are of the view that we should seize the opportunity where we can and where it is to the mutual advantage of the United States and Soviet Union, seize the opportunity to engage." That would include political engagement. It would include military and arms control engagement. And it would certainly include economic engagement. What's really needed here, it seems to me, more than anything else on the economic side, is that we give them technical economic cooperation. They are, after all, talking about changing a system that has existed for 70 years and that is totally foreign to our most basic concepts of free market economics.

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163. Quadripartite Meeting on Berlin

Statement Issued by the Department of State, December 11, 1989[7]

The Ambassadors of France, the United Kingdom, the United States, and the Soviet Union, met on Monday, December 11, at the Allied Control Authority Building for 2½ hours. The Western Ambassadors set out their proposals under the Berlin Initiative.[8] The Soviet Ambassador expressed favorable interest.

During the meeting, there was a common understanding of the importance of stability, and confidence was expressed that the United States, the United Kingdom, France, and the Soviet Union could contribute to that on the basis of the Quadripartite Agreement of 1971.

The Soviet Ambassador made some general comments, which the Western Ambassadors will report to their governments. The exchange of views was conducted in a businesslike and constructive atmosphere.

Further meetings at appropriate levels may take place.

G. Greece

164. "Frank but Friendly" Talks

Statement by Secretary of State Baker, Athens, February 14, 1989[1]

I'm pleased to have had the opportunity to come to Greece in the first weeks of my tenure as Secretary of State, to meet Prime Minister Papandreou and my colleague, Foreign Minister Papoulias, who, of course, was delayed coming in from Spain but did arrive here in time for us to have a dialog.

President Bush is committed to two-way communications between the United States and its allies, and I view this visit as a first step in a process of regular high-level consultations. We held talks today on a variety of matters of mutual concern; we had a chance to share views on NATO, East-West policies, regional issues, and bilateral issues which are important to both of our governments.

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[6] For text of Kohl's 10-point program for overcoming the division of Germany and Europe, see German Information Center, *Statements & Speeches*, vol. XII, No. 25, December 19, 1989.

[7] Source: Office of Press Relations, Department of State; posted statement. This statement was posted in response to a question asked at the Department of State Daily Press Briefing earlier that day. For text of Secretary Baker's address to the Berlin Press Club December 12, which preceded his visit with leaders from the German Democratic Republic, see Document 126.

[8] The Berlin initiative was made by President Reagan in a statement at Berlin, June 12, 1987 (see *American Foreign Policy: Current Documents, 1987*, pp. 295–299), and endorsed by President Bush at Mainz on May 31, 1989. It involved four-power talks on air traffic, conferences, sporting events including the 2004 Olympics, and youth exchanges.

[1] Source: Department of State *Bulletin*, April 1989, p. 41. Secretary Baker traveled to the capital of each NATO ally on his February 11–17 trip and visited Athens February 14.

I earlier characterized our talks as frank but friendly. We discussed the issue of bases: my government believes that continuing the relationship is in the interest of both our countries and in the interest of the NATO alliance as well. We still have difficult issues to resolve, but I'm very hopeful for an early and successful conclusion of negotiations. We also discussed the problem of terrorism and the need for very close cooperation among democracies to defeat this scourge.

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165. "It Is in the Interest of Both Countries To Continue a Strong Bilateral Security Relationship"

Statement Issued by the Department of State, November 21, 1989[2]

Q. Your reaction to news of the new government in Greece?

A. We understand that the three major parties[3] agreed today on the formation of a national coalition government to be headed by former Governor of the Bank of Greece Xenophon Zolotas. It is reported that the new government is to remain in office until new elections are held in April.

We look forward to working with this government.

Q. What about negotiations on the U.S. bases in Greece?

A. We will be in touch with the new government on this question once the new cabinet is formed. We believe that it is in the interest of both countries to continue a strong bilateral security relationship. We will look for a mutually satisfactory way of doing so.

H. Iceland

166. "Very Productive Discussions"

Press Conference by Secretary of State Baker and Foreign Minister Hannibalsson, Reykjavik, February 11, 1989 (Extracts)[1]

. . . .

MR. BAKER. Let me simply say that the Minister and I have had very productive discussions, taking note of the fact that we have somewhat similar backgrounds by virtue of the fact that we both were Finance Ministers before we became Foreign Ministers. The United States and Iceland are friends and allies, and together we're founding members of the NATO Alliance. We had wide-ranging discussions on the full range of NATO issues, issues related to East-West matters and the bilateral issues, which are at the forefront of relationships between the United States and Iceland. I'm glad that this was the first country that I was able to visit outside the North American Continent as Secretary of State of the United States, and I look forward to a continuing relationship with the Minister and the establishment of a close personal relationship between us. So Minister, thank you very much. We enjoyed it. I appreciate it.

Q. Mr. Secretary, were you able to offer any assurances to the Icelanders on the question of offshore pollution from the NATO base here on Iceland?

A. Well, we were able to offer some assurances with respect to the ground-water problem that exists and the study that is being conducted will be released sometime during the month of February and we agreed that immediately upon release of that report we would begin discussions to see how we can address the problem together.

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[2] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to questions asked at the Department of State Daily Press Briefing earlier that day.

[3] The results of the Greek elections of June 18 gave no party a majority of the 300-seat Parliament. The New Democracy Party headed by Constantine Mitsotakis won 144 seats; former Prime Minister Andreas Papandreou's Socialist Party won 125 seats; a leftist coalition headed by Charilaos Florakis controlled 29 seats, and independents held 2. (*The New York Times*, June 20, 1989, p. A3)

[1] Source: Telegram 00329 from the Embassy in Reykjavik to the Department of State, February 14. Department of State files. Secretary Baker visited Iceland on the first day of his trip to NATO allies, February 11–17.

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Q. Mr. Secretary, did you issue (*sic*) the problem of a second NATO airport in Iceland?

A. We talked about that issue as well and had a full discussion about that issue.

Q. And the results?

A. Well the matter will remain under consideration. I think the Minister is disposed to seeing the alternate airport located at the best possible location as long as it is made quite clear that there will be no specific military requirements with respect to its use, and I think that ultimately those assurances will be forthcoming. Thank you.

Q. Do you want that airport in Iceland, or is another country possible?

A. It would be preferable if it were in Iceland.

Q. Thank you Mr. Secretary.

2. After Secretary Baker boarded his plane, Foreign Minister Hannibalsson continued to speak with the Icelandic press. Their questions and his answers follow:

Q. (Inaudible)

A. Yes, I want to emphasize that during this meeting I quite thoroughly discussed this matter from our Icelandic point of view. I said that from our point of view as a coastal nation here in the North Atlantic, we had growing worries that the possibility of disarmament in most areas will lead to the superpowers increasing their armaments in the oceans. I introduced to the Secretary, for example, some proposals that have been presented in the Althing (i.e., the Icelandic Parliament) about that matter and I informed him that there were ideas on our behalf seeking to establish talks with our neighboring countries here in the North Atlantic region on what we could possibly do to speed up real disarmament talks on that matter and especially referring to nuclear-powered submarines and submarines carrying nuclear arms and especially those carrying sea-launched cruise missiles. The American Secretary of State received these ideas well. He told me about U.S. Naval policy, but he said, and in fact he agreed with me, that the United States would surely be ready to come into talks of that nature. First of all, now initially in possible talks among the NATO countries in order to establish how an initial policy on this matter should be worked out and how complex technical problems should be solved. The question of verification would have to be discussed and any other matters that would lead to constructing a mechanism, that could become preemptive in avoiding possible mishaps and could eliminate possible ecological accidents in this field. That was thoroughly discussed.

. . . .

Q. But, what about the whaling matter, did anything come out of that?

A. We discussed that thoroughly. Yes, yes. We covered the main agenda of issues in that matter and we had it confirmed that the United States will of course stand firm on their commitments toward Iceland in that matter and we were assured thereof once again. We did, however, discuss that matter quite thoroughly. He disclosed the growing influence of environmentalists in the new U.S. administration, and we did emphasize that in most matters we Icelanders looked at environmentalists as natural allies, naturally. We are a nation that builds its existence on the preservation of the biological chain of life in the North Atlantic. However, our special situation is such that we hoped that they would understand fully that we were thinking in long range terms. Doing so, we of course would reserve the right to investigate scientifically and in accordance with international rules, the ecological food chain, the relation between how the whaling stock feeds, and how other of the exploitable fish types figure into that. Yes, we did talk thoroughly about that matter.

. . . .

I. Ireland

167. "Appreciation for Ireland's Efforts To Promote . . . Reconciliation in Northern Ireland"

Statement by President Bush, March 17, 1989[1]

There are many excellent reasons for celebrating St. Patrick's Day. Traditionally this happy occasion provides a special opportunity to spotlight the Irish heritage in America and to affirm the ties of kinship and values which the American and Irish people share. On this St. Patrick's Day, 1989, we again pay tribute to the warm relationship between Ireland and America. We are honored to welcome to the White House the Prime Minister of Ireland, the Taoiseach, Mr. Charles Haughey, whose presence adds a special significance to our celebration.

St. Patrick's Day also provides a special opportunity to pay tribute to U.S.-Irish cooperation in the international arena in the cause of justice, peace, and progress and to declare that working together to solve international problems encourages the development and maturation of our traditional bilateral relationship.

In the presence of the Taoiseach, I would also like to thank Ireland for its contribution to peacekeeping efforts around the world and to extend the appreciation and condolences of the American people to the families of the Irish soldiers who have given their lives in the cause of peace.

Today I express America's appreciation for Ireland's efforts to promote economic development, justice, security, and reconciliation in Northern Ireland. The U.S. supports the efforts of the Irish and British Governments to use the Anglo-Irish accord and the International Fund for Ireland to address the problems which have too long plagued Northern Ireland. We will continue to support efforts to promote fair employment and investment in Northern Ireland.

I call on the American people to support all those who seek justice and peaceful settlements to disputes in Northern Ireland. In the same spirit, I call on all Americans to reject those who seek to impose settlements anywhere through terror.

The comprehensive political, diplomatic, and economic ties between our two countries require recognition that U.S.-Irish relations are the responsibility of all Americans. Therefore, millions of Americans of many heritages and from all walks of life join in observing this fine day and in paying tribute to the friendship and cooperation between Ireland and America. Americans do not have to be Irish to treasure Ireland's contributions or to celebrate St. Patrick's Day.

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[1] Source: *Weekly Compilation of Presidential Documents*, March 20, 1989, p. 378.

J. Italy

168. "You Have Reinforced Our Transatlantic Ties"

Statement by President Bush, Rome, May 27, 1989 (Extract)[1]

. . . .

And Italian-Americans are one link that binds the United States and Italy—but only one. For we are united by our belief in individual liberty, human dignity, and the rule of law, and by the shared values of family, faith, and work.

We also admire your country's record of success in combating terrorism and organized crime. And I'm especially grateful for your help in stopping the scourge of narcotics, which torments both our nations. We're going to continue our intense cooperative efforts to fight terrorism and narcotics and to protect air travelers. And just as this cooperative effort brings our peoples even closer together and helps to strengthen our already excellent bilateral relations, so, too, will the action that I'm pleased to announce tonight.

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[1] Source: *Weekly Compilation of Presidential Documents*, June 5, 1989, pp. 779–780. The President made this toast at 9:20 p.m. in the dining room of the Villa Madama in Rome during a dinner given in his honor by Prime Minister Ciriaco De Mita. The President was in Italy May 26–28 prior to attending the NATO meeting in Brussels.

After studying ways to relax U.S. visa requirements, we will soon begin a pilot program to end these requirements for your citizens. In the future, Italians who wish to visit our country, whether as tourists or on business, will no longer need to apply for visas; and we look forward to that day.

But along with our domestic initiatives, I think, too, of the strong military ties between our two countries and within the Atlantic alliance, the most enduring alliance in the history of man. And to protect that alliance and the shared commitment to freedom which underlies it is our continuing mission not merely as Americans or Italians but as believers in democracy. Of this, I am certain: We will do our part, and I know Italy will do its part.

For when our common security has been in danger, you have stood ready to defend the alliance. And when the need arose for NATO to relocate that 401st Tactical Fighter Wing within southern Europe, Italy welcomed it.[2] And when strategic interests were at risk in the Persian Gulf and in Lebanon, Italy sent ships and peacekeeping forces. And when NATO confronted widespread Soviet deployment of these multiple-warhead SS–20 missiles, Italy stood tall in response. And at times when Europe seemed ready to turn inward, you have reinforced our transatlantic ties. And for that, Mr. Prime Minister, Italy has our gratitude and our profound respect. So, together, let us reaffirm the ties that bind us. And let's continue to build peace and the commonwealth of free nations not for ourselves but also for our children, the kind of peace and freedom which lasts.

And in that spirit, Mr. Prime Minister, I ask all of our guests tonight to rise and raise their glasses. To Italian-American friendship, our transatlantic heritage, and to the Western alliance and the shared values of freedom and democracy that have made that alliance strong, and to your health, Mr. Prime Minister, and the peace and prosperity of your great country.

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[2] Regarding this decision, see *American Foreign Policy: Current Documents, 1988*, p. 308.

K. Soviet Union

169. Realism Required in U.S. Policy Toward the Soviet Union

Statement by Secretary of State-designate Baker, January 17, 1989 (Extract)[1]

. . . .

Beyond the Americas, beyond greater partnership with our allies, beyond facing global problems lies the United States-Soviet relationship. Thanks to the policy of peace through strength pursued over the last 8 years, our dealings with Moscow have become noticeably less tense. Some have suggested that this progress deserves a radically different U.S. policy; others fear that Mikhail Gorbachev has stolen a march on the democracies through such actions as the unilateral reduction in troops and tanks in Europe.

The meaning and permanence of the new Soviet policies are being debated intensely here and abroad. There are good reasons for both optimistic and pessimistic views of today's Soviet Union. No one can doubt that there are very real changes. Many of them were unthinkable just a few short years ago.

So, there are reasons to be hopeful, but realism requires that we be prudent. However fascinating the twists and turns of *perestroika* may be and however riveting the details of Soviet decline as reported in Soviet newspapers, the Soviet Union remains a very heavily armed superpower.

The talk is different, but the force structure and policies that support far-reaching interests and clients have not changed commensurately. Many of those policies and those clients are hostile to American values, and they threaten our interest and our allies. That is a reality.

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[1] Source: *Nomination of James A. Baker III: Hearings Before the Committee on Foreign Relations, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), pp. 16–17. Claiborne Pell, chairman of the committee, presided over the session. Baker was confirmed by the full Senate on January 25. For another extract from this statement, see Document 1.

Still I would not underestimate the impact of Moscow's domestic problems on Soviet foreign policy. Marxism-Leninism as a philosophy for a society must be in doubt when the system after 70 years produces declining health, shortages of food and consumer goods, and an obsolete industrial base.

The political changes now being made are themselves reflective of a continuing paradox. While the purpose of reform is ostensibly to prevent a recurrence of dictatorial abuse, the reform itself depends on the concentration of power in just one man's hands. In light of both the change and continuity in the Soviet Union, realistic American policy should I think be guided by these principles.

First, we should continue to welcome reform and changes in the Soviet Union that promise more freedom at home, in the workplace, or in public institutions. But we should never measure the progress of Mr. Gorbachev's reforms by how many credits, concessions, or accommodations we might make ostensibly to help him succeed with his domestic plans.

Ultimately, as the Soviets themselves acknowledge, *perestroika* depends not only on help from outside but on political, bureaucratic, and sociological changes in the Soviet Union.

Second, while recognizing that Moscow's policies are informed by a new sense of realism we should also understand that our policies have contributed to that sense of realism. Where we have not raised the cost of adventure or aggression we see little evidence of change.

Third, we must continue to probe Moscow along every aspect of our agenda—arms control, human rights, regional conflicts, bilateral relations. Human rights means full compliance with the Helsinki accords.[2] There can be no relaxation of our standards on this issue.

Fourth, we need additional focus on the regional conflicts, whether in Central America, South Asia, southern Africa, the Persian Gulf, or the Arab-Israeli conflict. We should not allow the rhetoric of restraint to become a substitute for restraint itself. Nor should we permit interest in diplomatic processes to be sufficient in the absence of a commitment to making actual progress.

Fifth, we may need a new category in our relations to deal with the global problems I mentioned a moment ago, such as terrorism, drugs, and the environment. We ought to find out whether Moscow can be helpful on these issues and, if not, why not.

I am convinced that Western strength and Soviet domestic weakness have set the stage for the remarkable realism that has distinguished Mr. Gorbachev's tenure so far. Our task is to arrange affairs so that whatever the outcome of *perestroika* a more responsible, constructive Soviet foreign policy will remain in Moscow's interest.

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170. Reassessment of U.S. Policy

Press Conference by President Bush, January 27, 1989 (Extract)[3]

. . . .

Q. Mr. President, your national security adviser, Brent Scowcroft, said last week on television that the Cold War was not over and that he felt that Mr. Gorbachev was trying to make trouble for the Western alliance. What is your view, sir?

THE PRESIDENT. Well, I'm not sure that's an exact—I should let the General defend himself. But I've expressed my view not only in the campaign context but in several times afterward, and also to Mr. Gorbachev. And our administration position, in which General Scowcroft is in total agreement—indeed, he'll be one of the leaders in this reassessment—is: Let's take our time now. Let's take a look at where we stand on our strategic arms talks; on conventional force talks; on chemical, biological weapons talks; on some of our bilateral policy problems with the Soviet Union; formulate the policy and then get out front—here's the U.S. position.

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[2] For text of the Final Act of the Conference on Security Cooperation in Europe, signed at Helsinki, August 1, 1975, see Department of State *Bulletin*, September 1, 1975, pp. 323–350.

[3] Source: *Weekly Compilation of Presidential Documents*, January 30, 1989, p. 121. President Bush's first press conference began at 11:02 a.m. in the Briefing Room at the White House.

And I don't think the Soviets see that as foot-dragging. I'm confident they dont't. Indeed, I made that clear to General Secretary Gorbachev just this week in a rather long talk with him. So, I want to try to avoid words like "Cold War" if I can because that has an implication. If someone says Cold War to me, that doesn't properly give credit to the advances that have taken place in this relationship. So, I wouldn't use that term. But if it's used in the context of—do we still have problems; are there still uncertainties; are we still unsure in our predictions on Soviet intentions—I'd have to say, yes, we should be cautious.

. . . .

171. *Perestroika* Beneficial to Soviet Union and Other Nations

Statement by Secretary of State Baker, Vienna, March 7, 1989[4]

Let me simply say that we had a very good initial meeting. We had a very broad discussion, and I think it was quite substantive. We had 1 hour of one-on-one, and then we had another hour at a plenary session. This meeting generally, I think, set the stage for our next meeting which I'm sure the Minister has told you will be in Moscow sometime during the first 2 weeks in May.

I think it is fair to say that these talks were conducted in a very positive atmosphere, and this reflected the determination of all of us to work together and to cooperate. As we were walking out, the Minister characterized our meeting as a good beginning, and I would certainly agree with that. I told him, as I had told our NATO allies during the course of my trip around Europe a couple of weeks ago, that we believe *perestroika* is good for the Soviet Union, and we think it is good for the rest of the world, and we hope that the Soviets succeed. I also noted our belief that the success of *perestroika* is really dependent upon what the Soviets do and not what we in the West do.

I talked about our desire to expand the agenda of our dialog to include therein those global issues or transnational issues which cut across national boundaries, and he agreed that we could do that. I laid out our desire to expand some of the existing parts of our agenda, such as arms control, so that we can deal with problems like missile and chemical weapons proliferation. He agreed that we should try to do this. I think this is an example of our shared interests in really what is basically a North-South problem.

We raised other parts of our existing agenda beginning with human rights, as we always do; made clear that we wanted to see continued progress on human rights—that we'd seen good progress up until about December and then seen very little progress over the course of the past couple of months but that we were quite confident once we had the dialog resumed that that progress would continue.

I stressed our continuing disappointment with some of the actions in Berlin I mentioned these in my speech yesterday—these incidents where German Democratic Republic guards recently killed a would-be escapee and caught another one against the western embankment of the Spree River in the British sector of Berlin.

We talked about bilateral ties, about the importance of improving and expanding on those, on the intellectual and cultural exchanges. I told him that our review of the strategic arms talks was moving along; that we would expect that to be completed toward the end of April; that the United States had, in addition to our review of our negotiating position on the strategic arms reduction talks (START), to complete a strategic modernization review as well.

With respect to the conventional armed forces in Europe (CFE) talks, I pointed out that we are determined to see agreements that change force structures, that emphasize defensive force structures, minimize those forces such as tanks and artillery that make offensive operations thinkable. I pointed out again, as I did in my speech yesterday, that we believe the Soviets are moving in this direction and that that is encouraging.

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[4] Source: Department of State *Bulletin*, May 1989, pp. 59–60. The Secretary made this statement and answered questions at a press conference following his meeting with Soviet Foreign Minister Shevardnadze. Both Ministers attended the March 6 ministerial meeting in Vienna that signaled the opening of two new security negotiations in Europe—talks on confidence- and security-building measures and separate talks on conventional arms forces in Europe. For text of Baker's address at that meeting, see Document 118.

Yes, there are differences between us with respect to how we will deal with aircraft, how we will deal with naval forces; and there are differences between us with respect to short-range nuclear weapons. I would point out to you that naval forces and short-range nuclear weapons were expressly excluded from the negotiating mandate for these talks.

We talked about regional conflicts. We talked about the fact that this is a part of our agenda that requires special attention, although I think it is fair to say that we have made some pretty good progress working together on some regional conflicts, speaking specifically of what's going on in Angola and Namibia and what has just happened in Afghanistan.[5]

We talked of the Soviet "new thinking" and the application to some of these regional areas. We discussed the Mideast. We discussed Central America. We discussed cooperation in the Horn of Africa. We made the point that with respect to the "new thinking," we were anxious to see action and not just rhetoric. We made the point that we really weren't seeing much sign of the "new thinking" insofar as current Soviet posturing with Iran is concerned. We said we were looking for signs of the "new thinking" in Central America as well.

We welcomed the Soviet interest in the Middle East. We genuinely believe that we can perhaps move toward peace in the Middle East by working together but that it is important that we begin a process that has some real chance of success. We pointed out our reservations about beginning with a big international conference under the glare of the television lights, and we said that pushing prematurely for such a conference in our view could preempt more promising possibilities that might occur down the line.

Finally the question of a summit did come up. The United States is not ready as yet to set a date for the next summit, and I am sure that this is a matter that we will be discussing at our next ministrial.

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172. Soviet Elections

Daily Press Briefing by the Department of State Spokesman (Tutwiler), March 27 1989 (Extract)[6]

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Q. . . . Does the State Department have any observations about the Soviet election process?[7]

A. Yes. It's a move in the right direction. It's another sign they are serious about *perestroika*. It goes without saying yesterday's elections were neither free nor democratic by Western standards, but they do represent an advance over the practices of the past in the Soviet Union.

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173. Future of the Cold War

Press Conference by the Secretary of Defense (Cheney), April 4, 1989 (Extract)[8]

Q. Is the Cold War over?

A. I think it's far too soon to make that judgment. It depends, obviously on what you mean by the Cold War. That has a certain connotation, and clearly the prospects of conflict between the United States and the Soviet Union appear to have receded somewhat. If Mr. Gorbachev is successful in reorienting Soviet foreign policy as he appears to want to do, and it would appear that he's serious about wanting to reduce their commitment of resources to military matters then the prospects would be pretty good that we'll have a period ahead when clearly the threat will be significantly less than it's been in the past.

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[5] On February 15, Soviet forces completed their withdrawal from Afghanistan. For text of the the White House statement issued February 16 applauding that action and calling upon the Soviet Union to refrain from other forms of interference in Afghan affairs, see Document 272.

[6] Source: Office of Press Relations, Department of State. The briefing began at 12:08 p.m.

[7] Reference is to the elections on March 26 to fill 1,500 of 2,250 seats in the Congress of People's Deputies.

[8] Source: *Public Statements of Richard B. Cheney, Secretary of Defense, 1989*. The press conference took place at the Pentagon.

But there are some questions we don't have answers to. We don't know, for example today, when he talks about X percentage cut in the defense budget, a cut from what? We don't know for sure what the defense budget is. When he talks about redeploying troops in Eastern Europe, we have yet to see how that's going to work out. What kind of troops he redeploys, what kind of forces? Does it thin out the forces or simply replace units? What happens to the units? Do they take down tanks? Do the tanks simply go back to the Western part of the Soviet Union to be stored? All of these kinds of issues are unanswered at the present. So it's risky business I think for us to make basic fundamental changes in our own posture based upon statements of intentions by the Soviets today.

I think if we get farther down the road and we begin to see substantive results from the changes in his statements of policy, then we'll be in a better position and can have a higher degree of confidence that we can perhaps take some steps that will not result in a higher degree of risk for us.

Our continuing problems, obviously, one is the question about Mr. Gorbachev's tenure. Presumably he's going to be there for a long time, but we've had sudden changes in Kremlin leadership before. And it seems to me we can't make policy, national security policy especially, totally dependent upon whether or not Mr. Gorbachev is the General Secretary of the Communist Party of the Soviet Union, but rather policy that would make sense regardless of who was in fact the leader in the Soviet Union. It requires you to have a higher standard, if you will, in terms of changes that you're willing to respond to than might otherwise be the case.

Q. Are there some change indicators, in other words, something that would convince you that we are really in a change where the threat has diminished such as fewer weapons out the factory doors? Do you have any points where you say okay, damn it, this really is serious because he's done this, that, and the other thing. Do you have any real fixes on what would be significant, beyond what we see now?

A. Let me sort of walk through it. I started out as a real skeptic, frankly, about Mr. Gorbachev. I heard in the early days of his tenure about his desire for change and reform. And as I say, I was skeptic. Having watched over the last 2 years, having visited the Soviet Union and spent a fair amount of time on the subject and visited with him on a couple of occasions and watched this process unfold, sitting in my office last week with the Soviet Ambassador where the subject we were discussing was the election returns in the Soviet Union—something I'd never really anticipated having any opportunity to do, I've become a believer in the notion that Gorbachev wants fundamentally to reform Soviet society, economically. And in order to achieve economic change he's also going to have to push certain political performance, i.e., elections.

How all that translates into an altered military posture is still an open question. We have some statements of intentions from him.

In terms of the indicators you would like to use to measure that, I don't have a specific Cheney set of tests. I won't make those decisions anyway. I'll just be one of the participants. I think the National Security Council and the President working with the intelligence community are going to have to develop those tests, and we're in the middle of that process now. We have a session this afternoon of the National Security Council as part of the ongoing strategic review. We have another one scheduled for tomorrow, looking at this whole, broad range of questions. At the heart of it of course, when you talk about, especially our military posture and especially our posture in Europe and the NATO Alliance, it turns very much on that question of how much of a threat the Soviet Union presents to the West, how has it changed, what circumstances would lead us to believe that we can reduce our level of vigilance?

There have been all kinds of factors that apply. What's their capacity to generate a short warning attack on the West in conventional terms? Have they by virtue of having redeployed some of their forces significantly extended the amount of time that would be required for them to mobilize in order to really be able to launch an effective conventional attack against the West? That obviously might have ramifications for us in terms of our forward deployment and the state of readiness of our forces and so forth. There's a whole raft of questions like that that I can't answer for you today, but hopefully will be some of the issues that we look at as we go through this review.

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174. Not the Time To Reduce Defense Capabilities

Statement by the Secretary of Defense (Cheney), April 25, 1989 (Extract)[9]

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. . . I am of the opinion that U.S. policy at this time has to be firmly consistent, not only because of the uncertainties about the future direction of Soviet policy, but also because within the alliance it's absolutely essential the United States provide a rock of stability around which the rest of the alliance can rally, while we maintain a forthright posture with respect to the potential problems that could occur if the Soviets should reverse course.

I don't believe it's the time for us unilaterally to reduce our commitments or our capabilities. Such reductions should only be taken on a careful step-by-step basis in conjunction with our allies and as a result of reduced Soviet capabilities. Mr. Gorbachev has announced a 14.2 percent reduction in the Soviet defense budget. It's difficult to know exactly what that means because we don't know precisely how much they're spending on defense.

But with this budget that I will present to you today, we will have implemented a 12 percent reduction in U.S. defense spending over the last 4 years. He's proposed a reduction of 10,000 tanks in Eastern Europe, but they're still producing 3,400 new tanks every new year. We've gone from a level of 1,200 tanks per year down to a level of less than 700 tanks per year, already accomplished.

So the notion that somehow Mr. Gorbachev is moving in the direction of adopting a less hostile and a less threatening posture—reducing the defense budget, reducing commitments—the fact is that we already, in many cases, have matched him, if not exceeded him, in terms of decisions that this committee and the Congress have had to make in recent years.

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175. "Reality of Soviet Change . . . Is Both Promising and Problematic"

Address by Secretary of State Baker Before the Center for Strategic and International Studies, May 4, 1989[10]

I am honored to once again be here at the CSIS. Ever since its founding, I think this center has combined an understanding of international problems with a vigorous debate over how America should conduct its foreign policy. Those of us who have been privileged to serve this nation in one capacity or another—to serve this nation abroad or to participate in the formation of policy here at home—know full well the ardors of this task. We know, too, that assessments of reality are not enough. Judgments and words ultimately have to be turned into action if we are going to serve the public interest.

The assessment of reality has become more difficult in today's world because the pace of international change has accelerated considerably. Some years ago, I happened across a scholarly study of the late 18th century entitled *The Age of Revolu-*

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[9] Source: *Public Statements of Richard B. Cheney, Secretary of Defense, 1989.* Cheney's statement was made before the House Armed Services Committee in conjunction with the presentation of the proposed Department of Defense budget.

[10] Source: Department of State *Bulletin*, July 1989, pp. 36–39.

tions;[11] and perhaps one day historians might describe our times the same way.

Just consider for a moment, if you will, some of the trends which are transforming our world. Democracy, an idea and political system challenged for much of the postwar era, really is on the offensive. Millions of people in our own hemisphere and in countries such as the Philippines and Korea have achieved, now, democratic governments. Millions elsewhere—in Eastern Europe, in the Soviet Union, and in the People's Republic of China—are demanding free institutions in a way that we've never seen before. So I think it is fair to say that the quest for democracy is the most vibrant political fact of these times.

Another great transformation that we are seeing is economic. Free markets, private initiative have become the new watchwords of economic development because those concepts work—and we know this very well now—actually work in practice. And closely allied to economic change is technological progress. The new technologies of information and communication have helped to create a global economy, an economy which transcends the traditional boundaries of the nation state.

There have been other transformations as well. Emerging technologies open new horizons, I think, for greater military stability. Other trends, though, such as the proliferation of chemical weapons and missiles—as David[12] mentioned to you—the proliferation of those weapons to volatile regions and to irresponsible states present us with greater dangers.

And while we struggle to deal with traditional political and military problems, I think we all must become increasingly aware of new transnational threats—threats such as environmental hazards, terrorism, the drug trade—that demand greater and greater international cooperation if they are going to be properly addressed.

Every nation has been affected in one way or another by these transformations. And, as a consequence, really no international relationship has remained the same. This, of course, is especially true of U.S.-Soviet relations. The result, I think, is a rare opportunity—a chance to transform our attitudes, our words, and, above all, our actions toward each other for the better. But this opportunity is also—and I think David touched on this as well—at the same time, a challenge—a challenge to understand first what is happening, and secondly, why and how to seize the opportunity for progress toward a freer and more peaceful international community.

The challenge of change in U.S.-Soviet relations begins I think with change—fundamental change—in the Soviet Union. For nearly half a century now, we and our allies have confronted a Soviet superpower along the great fault lines of the postwar period. This struggle has been rooted in two profoundly different visions—the democratic vision and the Communist vision. We differ over the rights of the individual; we differ over the power of the state; we differ over the rule of law, the use of force, the role of religion. In short we differ over what we consider to be the basic values of society.

While we may have erred from time to time on the whole, I think it's fair to say that we in the West have been very, very faithful to our vision. Great sacrifices have been made. The burdens were—and indeed, the burdens still are sometimes—very difficult to bear. There were, and there always will be, risks. But we upheld our values. And we prevented for 40 years war in Europe.

Surely, some of the change we see now in the Soviet Union is a consequence of our success. There would be no quest for democratic institutions if democratic institutions had failed. There would be less soul-searching of the Communist vision if the democratic vision had somehow faded or disappeared. And an alliance of free nations, working together, sharing risks and responsibilities while pursuing freedom and extending economic progress has always, I think, offered a rather convincing alternative.

I think it can also be said, however, that the dramatic changes which are sweeping the Soviet Union are not due simply to Western fortitude. It is also the failure of the Communist vision to produce results, judged by its own standards that inspires calls for *perestroika*. It is the fear that outdated dogma and unworkable institutions will leave Soviet society behind—isolated from technological progress and the global economy—that really accelerates reform in the Soviet Union. And just as surely, change is motivated also by the belief of some in the Soviet Union that revolutions have a tough time living by slogans alone.

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[11] Reference appears to be to Robert R. Palmer, *The Age of Democratic Revolution* (2 vols., Princeton, 1959 and 1964).

[12] Ambassador David Abshire.

The President has said and I have said that we have absolutely no wish to see *perestroika* fail. To the contrary, we would very much like it to succeed. And that achievement could have great international effect.

As Foreign Minister Shevardnadze told the Soviet Ministry of Foreign Affairs, and I quote, " . . . we must labor solidly to convince the people that we are thinking first and foremost about their interests. . . . We are aware of and declare the truth that foreign policy cannot be divorced from domestic realities."[13] A process that promises to increase the freedom and improve the well-being of the Soviet peoples really is in everyone's interest. A process that promises to change Soviet international behavior toward diplomatic solutions and problemsolving, rather than the use of force or intimidation, I think, offers hope for a radically improved international order.

That's why we've been so encouraged by the words and the concepts of what General Secretary Gorbachev refers to as the "new thinking." And in a number of places, I think it's fair to say that words have turned into realities. The General Secretary pledged that Soviet troops would leave Afghanistan on February 15, and they did. He signed the INF Treaty,[14] and SS-20s are being destroyed. Last December, he announced unilateral troop cuts in Europe, and now we've seen Soviet tanks leaving Hungary. Soon we hope to see them destroyed.

The Soviets have begun releasing political prisoners. And, as we all know great strides have been made in permitting freer emigration. Most importantly, the Soviets now talk of enforcing the rule of law and other guarantees of individual rights which are very, very familiar and very basic to us in the West. Limited elections have taken place. The growing dissatisfaction with the Soviet system and pressure for change is unmistakable, and it is widespread.

Words of hope are, indeed, not limited just to the Soviet Union. In Poland, the free labor union Solidarity has been legalized following unprecedented roundtable agreements. And in Hungary, the mechanics of a multiparty system are actively being considered.

In the economic sphere as well, the spread of private ownership, cooperatives, and decentralization of power creates some promising opportunities. Soon we may see the Soviets move forward to join the global economy. I think we would welcome, and welcome strongly, a Soviet economy open to world markets with a freely convertible ruble.

We also recognize, however, that in this critical area, as in many others, there are many hard choices to be made. It is far too early for us to know, of course, whether *perestroika* will or will not succeed. But it begins and it ends with the people of the Soviet Union, and they will determine whether it succeeds or whether it fails.

These great changes, however, are not the only realities of the Soviet Union today. There is an uneasy and, I might add, a not always peaceful coexistence between the slogans of the new thinking and the reality of both Soviet capabilities and Soviet actions. We must all, I think, face the fact that the Soviets continue to pose a significant military threat to Western interests. Even after the unilateral Soviet reductions in Europe take place the Warsaw Pact would retain a two-to-one edge in tanks and artillery. At a time when we hear talk of unilateral reductions, of the need to cut defense spending, and of the necessity to transfer precious resources from the military economy to the civilian sector, 3,500—that's right, 3,500—new Soviet tanks continue to roll off the production lines each year. That happens to be a production rate five times greater than our own.

For all the talk of "defensive defense," Soviet military exercises still continue to show a marked inclination for taking the offensive. For all the talk of openness, the Soviets have yet to publish a real defense budget—a budget that would reveal what the Soviets really are spending on defense;

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[13] Ellipses in the source text.

[14] Signed by the United States and the Soviet Union in Washington on December 8, 1987, entered into force June 1, 1988; see *International Legal Materials*, 27 (1988), pp. 90–198.

a budget that would provide a guide to Soviet defense production; a budget, in effect, that would show the direction of future Soviet defense plans. If they were to publish such a budget, I think we could then evaluate the Soviet pledge to cut their defense budget by 14%, and we could measure its impact. Indeed, we challenge them to present such a budget and to publish openly, as we do, the details of their worldwide forces and deployments.

For all of the talk of a common European home—and we hear a lot of that now—the European house remains divided by Soviet force. If there is ever to be a true "common European house," the Soviets must no longer prevent the residents from moving from room to room. But, today, the [Berlin][15] Wall still stands, and the Brezhnev doctrine remains unrenounced.

Unfortunately, there are still many regions where the new thinking has yet to take root. We still see—and we've mentioned this from time to time—many signs of the old thoughts and the old actions in Central America where the Soviets sent over $500 million in military aid to the Sandinistas just last year. In the Middle East, long-range bombers have just been sent to Qadhafi. In Korea, the heavily fortified North—supported by Soviet arms and aid—still threatens the South. And in the Far East, of course, the Soviets continue their occupation of Japan's Northern Territories.

So the reality of Soviet change, as I have described it from both sides, I think, is both promising and problematic. How do we address the very serious difficulties remaining on the agenda, while giving due credit to the remarkable progress that has been made in the past few years?

There are some who say that we don't need to do much of anything because trends are so favorable to us. Their counsel is to sit tight and simply await further Soviet concessions.

I don't happen to be of this school. I don't think we can be passive in the face of these great strategic changes, nor can we simply yield the initiative to a Soviet agenda that may not reflect the best interests of the West. Our foreign policy has to be based on an understanding of change in the Soviet Union, but it cannot wholly rely on that change to produce the results that we want.

Our actions, of course, will play an important role in shaping the future of U.S.-Soviet relations. Our policy has got to be to press forward with our agenda, to test the application of Soviet new thinking again and again.

In areas such as human rights and arms control, much progress has been made, and a framework for diplomatic exchange and negotiations already exists. Our purpose here, I think, should be to institutionalize these changes to make them if we can, more difficult to reverse. And we want both Soviet intentions and capabilities to become more transparent.

Human rights will always head the list. As a democracy, of course, we could not do otherwise and still be true to our own values. We will always be concerned about how the Soviet Union and the governments in Eastern Europe treat their own citizens. That is important not only for humanitarian reasons but also because we believe that a government's treatment of its own people is a good measure of how it will treat other states.

We are encouraged by recent Soviet performance with respect to human rights and democratization, and we hope to see these changes become a permanent part of the Soviet's legal system and political code. By expressing these hopes, we seek not to interfere in Soviet affairs but only to see the fulfillment of the promises once made by the Soviet Union when it signed the Helsinki accords. These promises were, after all, reiterated by General Secretary Gorbachev at the United Nations as recently as December.

We shall also continue with the existing arms control framework because it serves our objectives of stable deterrence at lower levels of arms and risk. We intend to preserve and to strengthen this framework. Indeed, the United States will soon suggest a date for the resumption of the strategic arms talks. The talks on conventional forces in Europe and confidence-building measures that began in Vienna last month, I think, can contribute substantially to our objectives of deterrence at lower levels of force. These give us a forum to challenge the Soviets and their allies to come clean on the true level and nature of their forces and to engage in careful reductions that diminish the threat to the West. As I said in Vienna,[16] current force levels and structure in Europe are not engraved in stone.

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[15] Brackets in the source text.

But the challenge of change cannot stop there. Indeed, new thinking in Soviet foreign policy gives us a unique opportunity to take Moscow at its word—take it at its word—across all areas of U.S.-Soviet relations. Are the Soviets willing to live up to the promise of their rhetoric? Are the Soviets really prepared to recognize the constraints of an interdependent world? Is Moscow really ready to abandon the quest for unilateral gain? Can military confrontation really be replaced by political dialog and even by cooperation? Will the slogans of new thinking be translated into enduring action?

The only way to answer these questions is to test the new thinking on issues that go beyond the recent intense focus on human rights and arms control. We face new threats and new challenges in regional conflicts, in the proliferation of advanced weapons, and in pressing transnational issues.

By testing Moscow across the board, we have the opportunity to turn many of the opportunities presented by the new thinking into reality. We can establish frameworks and baselines for common dialog in areas where no real dialog or basis for cooperation exists today. We can see whether the new thinking is real once we probe beyond the slogans. We can help fill the new thinking with content, and we can take advantage of change in the Soviet Union to achieve a new level of cooperation and international stability. And we can also, while we're at it, determine where the old thinking still holds force. Let me, if I might, be just a bit more specific.

First, we will focus on regional conflicts, a significant source of East-West and international tension in the postwar period. While the Soviet Union has not necessarily been the cause of these conflicts, too often Soviet military aid and diplomacy have impeded the search for solutions and have even sometimes encouraged the violence. Now is the time to engage the Soviet Union in a serious dialog to determine whether such policies really have changed. And the slogans of new thinking must be given content for this dialog to work.

The Soviets have got to understand that their inclusion in the important process of resolving regional disputes requires them to act responsibly and not just to make high-profile assertions about a peace-loving intent. Establishing a basis for cooperation depends not on a Soviet commitment to vague generalities of peace but to the responsible behavior that will in fact make peace possible.

There can be little doubt that the proliferation of advanced weapons around the globe creates a strong need, and it creates a greater urgency, to develop a common framework for resolving regional disputes. Regional wars are unlikely to remain limited for very long. Rather, they are likely to escalate quickly, drawing us into conflicts that we should have helped to resolve in the first place.

Second, in the areas of ballistic missile and chemical weapons proliferation, we have only begun to establish new international rules addressing these problems—rules to which the Soviets have not, as yet, agreed. It will be an objective of mine in Moscow next week to determine whether we might develop a framework for working together to control a phenomenon which threatens us all.

Third, we will approach the Soviets on transnational issues, particularly the problems of the environment, which do not respect national boundaries. Pollution, drugs, and terrorism are all issues that should join, not separate, the Soviet Union and the United States. These are new testing grounds for our ability to work together. I believe that we can discover whether the Soviet Union seriously understands the need to deal with such issues, or whether it is prepared to pretend that old thinking will somehow isolate Moscow from the consequences.

I'd like to conclude on a note of historical perspective. Students of American-Soviet relations are familiar with De Tocqueville's famous prophecy that the world would eventually be dominated by the United States and the Russian Empire—the one based on freedom, the other based on a denial of freedom. That prophecy very nearly came to pass. But in my view, a wise American diplomacy prevented it. An important part of our vision was the rejection of a condominium, of a division of the world according to spheres of influence. Instead, we sought to build up our allies, to assemble a coalition of free nations—free to seek their own destiny however they wished, just as our citizens are free to develop their own individual talents.

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[16] See Document 118.

Now we are living in a time when these Western values are in the ascendancy, when our allies have become strong and, for the most part, prosperous. This changing world has challenged the Soviet Union. It is a challenge that the Soviet Union, acting in its own interests, has tried to meet through *perestroika*. Yes, we have heard claims of new thinking, and we have seen some of it translated into action. And we are saying to the Soviet Union: Let us continue. Free people can work together peacefully, linked by a common destiny. Let us deal, therefore, with the new problems of a different era guided by a vision of a free and peaceful world.

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176. Concern for Human Rights in the Soviet Union

Statement by Secretary of State Baker, Moscow, May 10, 1989[17]

As you undoubtedly know, whenever we sit down, government-to-government, with the Soviet Union, human rights is always at the top of our agenda because human rights occupies such an important place in our whole system of government, politics, and society in the United States. I specifically raised today the issue of refuseniks with Foreign Minister Shevardnadze. I want you all to know that we are going to keep up the pressure to resolve individual cases, but beyond that, we are going to push to see that changes are institutionalized and human rights guaranteed. Despite the progress that has been made—and I think we should all candidly admit that—there has been progress, particularly with respect to emigration. There are, nevertheless, substantial problems that remain. There are still hundreds of refuseniks who are denied exit permission, both new cases and old. We intend to continue to press for a resolution of these cases.

Other human rights goals that we have include family reunification, expanding the scope of civil and political liberties, and, of course, the legal and institutional reforms to secure the progress that's already been made as I mentioned.

I want you all to know that the United States remains committed to the right of Soviet Jews to practice their religion and to participate fully in Soviet society. I should say that we welcome the recent progress in the [inaudible][18] isolation of Soviet Jews, such as the opening of the Jewish Cultural Center and Judaic Studies Center in Moscow.

Let me close by saying that we look forward to the day when all believers may worship, study, and participate fully in Soviet society without discrimination.

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177. Five-Part Agenda: Foundation for Continuity and Change

Press Conference by Secretary of State Baker, Moscow, May 11, 1989[19]

I have what is a longer opening statement than I might normally make, but I want to give you—the reason I'm going to do this is to give you, as best I can, a feel for the discussions that we've had during the course of the past 2 days.

Let me start by simply saying I think this visit was very useful, and it was productive. I think we had constuctive talks. I'm very satisfied with the way in which the meetings went.

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[17] Source: Department of State *Bulletin*, July 1989, pp. 29–30. Baker's remarks were made at a reception for Soviet human rights activists and refuseniks at the U.S. Embassy in Moscow. He was in Moscow May 10–11 for meetings with Soviet Foreign Minister Shevardnadze. As Baker stated en route to Shannon airport on May 8, the goal of his trip was "to make clear to the Soviets that we are seeking an active, constructive, positive, and expanding relationship with the Soviet Union." (Department of State files) His trip began with a visit to Helsinki, May 9–10, and concluded with a stop at NATO headquarters in Brussels, May 11–12.

[18] Brackets in the source text.

[19] Source: Deparment of State *Bulletin*, July 1989, pp. 30–31. Secretary Baker made this opening statement and answered questions from reporters at the conclusion of his discussions with Foreign Minister Shevardnadze.

President Bush asked that I make clear to the leadership of the Soviet Union that the United States is ready and anxious to reengage across the full range of our relations. Over the past 2 days, Minister Shevardnadze and I established a foundation for both continuity and change across our five-part agenda. We've begun to add to the list of topics we will periodically address together and to deepen our engagement on matters we've discussed in the past.

I explained that the President and I welcome *perestroika, glasnost,* and the "new thinking" in Soviet foreign policy. We believe they have contributed to a changing political environment, one which offers an opportunity for both of our countries to expand the arena of our constructive interaction.

During these meetings, the United States and the Soviet Union sought both to adapt old policy frameworks as well as develop new ones to fit the changing times.

Let me add some specifics by touching, as briefly as I can, on each topic in our five-part agenda.

In the area of human rights, we both sought further progress on individual cases and opened the way for cooperation on the institutionalization of rights in Soviet society.

First, the Soviets gave us the names of individuals who will now be free to emigrate, and we urged early positive action on the remaining refusenik cases which involve some 400–500 families.

Second, we moved close to agreement on a mechanism for the exchange of information on criminal cases arising in one country which the other believes to be political in character. Such a mechanism could help us free individuals who are political victims of an earlier era.

Third, the Soviets reported their progress in drafting new laws regarding freedom of conscience and emigration. We understand it's their present intention that the Supreme Soviet would act on these laws after it convenes.

And finally, we agreed to future projects. We will engage in ongoing dialogs or exchange programs in three areas: the rule of law, human rights and humanitarian issues arising on the international scene, and our respective experiences in dealing with social issues.

In the arms control area, we've agreed to reengage on the full range of our existing negotiations. This reflects, I think, our country's interest in an active, constructive, and expanding relationship.

The NST negotiations will resume in Geneva between June 12 and June 19, with the precise date to be set through diplomatic channels. The Standing Consultative Commission (SCC), which is charged with Antiballistic Missile (ABM) Treaty[20] verification and compliance will resume meeting in mid-June. The nuclear testing talks will resume in Geneva on June 26. We will hold bilateral discussions on chemical weapons on the margins of next month's meeting of the UN Conference on Disarmament in Geneva. We discussed and agreed on the importance of the ongoing conventional armed forces in Europe (CFE) and confidence-building measures talks.

Second, we also agreed—importantly in my view—to broaden the arms control agenda to include a new emphasis on the problem of chemical weapons and missile proliferation.

In the regional area, we placed, as some of you know, new emphasis on regional talks and made headway in crafting a common basis for U.S.-Soviet cooperation to try and resolve a number of conflicts around the globe. In particular, we described in detail our approaches in Central America and the Middle East.

With respect to Central America, we agreed to work toward a political and diplomatic solution to the problem of Nicaragua and to support the goals of Esquipulas and Tesoro.

We related our objectives and our general strategies on a number of regional issues. We discussed specific possible roles which the Soviet Union could play, as well as roles which the United States could play.

On the new topic of transnational relations, we agreed to establish an ongoing working group. We also derived a work program for this new group which covers a range of issues, including protection of the environment, coping with the effects of natural disasters, and combatting international terrorism and illicit drug trafficking.

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[20] Signed by the United States and the Soviet Union at Moscow on May 26, 1972, entered into force October 3, 1972; see 23 UST 3435.

In the bilateral area, Minister Shevardnadze and I accepted the work plan developed by the working group which provides for intensified action in numerous areas, including the completion of negotiations on new or amended cooperative agreements and the opening of new cultural and information centers in our two nations. We have a 23-point agreed work program covering topics as diverse as research on world oceans, civil aviation, atomic energy, maritime boundaries, and so forth.

In conclusion, I also took the opportunity of this brief visit to have four sessions outside the formal government-to-government agenda.

First, my wife and I had an interesting private dinner with Minister Shevardnadze and his wife. We very much appreciated their warm hospitality.

Second, I inspected our uncompleted office building to see the extent of possible security penetrations myself.

Third, I met with three newly elected members of the Congress of People's Deputies. I congratulated them on their accomplishment and expressed the President's and my strong interests in the process of *perestroika* and *glasnost*.

Finally, I met with a group of Soviet refuseniks. I told them that the people of the United States were moved by their sacrifice and that we would continue to work for their freedom.

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178. Beyond Containment: A New Basis for U.S.-Soviet Relations

Commencement Address by President Bush Before Texas A&M University, College Station, Texas, May 12, 1989 (Extract)[21]

. . . .

And today I would like to use this joyous and solemn occasion to speak to you and to the rest of the country about our relations with the Soviet Union. It is fitting that these remarks be made here at Texas A&M University.

Wise men—Truman and Eisenhower; Vandenberg and Rayburn; Marshall, Acheson, and Kennan—crafted the strategy of containment. They believed that the Soviet Union, denied the easy course of expansion, would turn inward and address the contradictions of its inefficient, repressive, and inhumane system. And they were right. The Soviet Union is now publicly facing this hard reality. Containment worked. Containment worked because our democratic principles and institutions and values are sound and always have been. It worked because our alliances were, and are, strong and because the superiority of free societies and free markets over stagnant socialism is undeniable.

We are approaching the conclusion of an historic postwar struggle between two visions: one of tyranny and conflict, and one of democracy and freedom. The review of U.S.-Soviet relations that my administration has just completed outlines a new path toward resolving this struggle. Our goal is bold, more ambitious than any of my predecessors could have thought possible. Our review indicates that 40 years of perseverance have brought us a precious opportunity, and now it is time to move beyond containment to a new policy for the 1990's, one that recognizes the full scope of change taking place around the world and in the Soviet Union itself. In sum, the United States now has as its goal much more than simply containing Soviet expansionism. We seek the integration of the Soviet Union into the community of nations. And as the Soviet Union itself moves toward greater openness and democratization, as they meet the challenge of responsible international behavior, we will match their steps with steps of our own. Ultimately, our objective is to welcome the Soviet Union back into the world order.

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[21] Source: *Weekly Compilation of Presidential Documents*, May 22, 1989, pp. 699–702. The President spoke at 3:05 p.m. in G. Rollie White Coliseum. In his opening remarks, he congratulated the graduating seniors.

The Soviet Union says that it seeks to make peace with the world and criticizes its own postwar policies. These are words that we can only applaud. But a new relationship cannot simply be declared by Moscow or bestowed by others; it must be earned. It must be earned because promises are never enough. The Soviet Union has promised a more cooperative relationship before, only to reverse course and return to militarism. Soviet foreign policy has been almost seasonal: warmth before cold, thaw before freeze. We seek a friendship that knows no season of suspicion, no chill of distrust.

We hope *perestroika* is pointing the Soviet Union to a break with the cycles of the past—a definitive break. Who would have thought that we would see the deliberations of the Central Committee on the front page of *Pravda* or dissident Andrei Sakharov seated near the councils of power? Who would have imagined a Soviet leader who canvasses the sidewalks of Moscow and also Washington, D.C.? These are hopeful, indeed, remarkable signs. And let no one doubt our sincere desire to see *perestroika,* this reform, continue and succeed. But the national security of America and our allies is not predicated on hope. It must be based on deeds. And we look for enduring, ingrained, economic and political change.

While we hope to move beyond containment, we are only at the beginning of our new path. Many dangers and uncertainties are ahead. We must not forget that the Soviet Union has acquired awesome military capabilities. That was a fact of life for my predecessors, and that's always been a fact of life for our allies. And that is a fact of life for me today as President of the United States.

As we seek peace, we must also remain strong. The purpose of our military might is not to pressure a weak Soviet economy or to seek military superiority. It is to deter war. It is to defend ourselves and our allies and to do something more: to convince the Soviet Union that there can be no reward in pursuing expansionism, to convince the Soviet Union that reward lies in the pursuit of peace.

Western policies must encourage the evolution of the Soviet Union toward an open society. This task will test our strength. It will tax our patience. And it will require a sweeping vision. Let me share with you my vision. I see a Western Hemisphere of democratic, prosperous nations, no longer threatened by a Cuba or a Nicaragua armed by Moscow. I see a Soviet Union as it pulls away from ties to terrorist nations like Libya that threaten the legitimate security of their neighbors. I see a Soviet Union which respects China's integrity and returns the northern territories to Japan, a prelude to the day when all the great nations of Asia will live in harmony.

But the fulfillment of this vision requires the Soviet Union to take positive steps, including: First, reduce Soviet forces. Although some small steps have already been taken, the Warsaw Pact still possesses more than 30,000 tanks, more than twice as much artillery, and hundreds of thousands more troops in Europe than NATO. They should cut their forces to less threatening levels, in proportion to their legitimate security needs. Second, adhere to the Soviet obligation, promised in the final days of World War II, to support self-determination for all the nations of eastern Europe and central Europe. And this requires specific abandonment of the Brezhnev doctrine. One day it should be possible to drive from Moscow to Munich without seeing a single guard tower or a strand of barbed wire. In short, tear down the Iron Curtain. And third, work with the West in positive, practical—not merely rhetorical—steps toward diplomatic solution to these regional disputes around the world. I welcome the Soviet withdrawal from Afghanistan, and the Angola agreement. But there is much more to be done around the world. We're ready. Let's roll up our sleeves and get to work. And fourth, achieve a lasting political pluralism and respect for human rights. Dramatic events have already occurred in Moscow. We are impressed by limited, but freely contested elections. We are impressed by a greater toleration of dissent. We are impressed by a new frankness about the Stalin era. Mr. Gorbachev, don't stop now. And fifth, join with us in addressing pressing global problems, including the international drug menace and dangers to the environment. We can build a better world for our children.

As the Soviet Union moves toward arms reduction and reform, it will find willing partners in the West. We seek verifiable, stabilizing arms control and arms reduction agreements with the Soviet Union and its allies. However, arms control is not an end in itself but a means of contributing to the security of America and the peace of the world. I directed Secretary Baker to propose to the Soviets that we resume negotiations on strategic forces in June and, as you know, the Soviet Union has agreed.

Our basic approach is clear. In the strategic arms reductions talks, we wish to reduce the risk of nuclear war. And in the companion defense and space talks, our objective will be to preserve our options to deploy advanced defenses when they're ready. In nuclear testing, we will continue to seek the necessary verification improvements in existing treaties to permit them to be brought into force. And we're going to continue to seek a verifiable global ban on chemical weapons. We support NATO efforts to reduce the Soviet offensive threat in the negotiations on conventional forces in Europe.[22] And as I've said, fundamental to all of these objectives is simple openness.

Make no mistake, a new breeze is blowing across the steppes and the cities of the Soviet Union. Why not, then, let this spirit of openness grow, let more barriers come down. Open emigration, open debate, open airwaves—let openness come to mean the publication and sale of banned books and newspapers in the Soviet Union. Let the 19,000 Soviet Jews who emigrated last year be followed by any number who wish to emigrate this year. And when people apply for exit visas, let there be no harassment against them. Let openness come to mean nothing less than the free exchange of people and books and ideas between East and West.

And let it come to mean one thing more. Thirty-four years ago, President Eisenhower met in Geneva with Soviet leaders who, after the death of Stalin, promised a new approach toward the West. He proposed a plan called Open Skies, which would allow unarmed aircraft from the United States and the Soviet Union to fly over the territory of the other country. This would open up military activities to regular scrutiny and, as President Eisenhower put it, "convince the world that we are lessening danger and relaxing tension." President Eisenhower's suggestion tested the Soviet readiness to open their society. And the Kremlin failed that test. Now, let us again explore that proposal, but on a broader, more intrusive and radical basis, one which I hope would include allies on both sides. We suggest that those countries that wish to examine this proposal meet soon to work out the necessary operational details, separately from other arms control negotiations. Such surveillance flights, complementing satellites, would provide regular scrutiny for both sides. Such unprecedented territorial access would show the world the true meaning of the concept of openness. The very Soviet willingness to embrace such a concept would reveal their commitment to change.

Where there is cooperation, there can be a broader economic relationship. But economic relations have been stifled by Soviet internal policies. They've been injured by Moscow's practice of using the cloak of commerce to steal technology from the West. Ending discriminatory treatment of U.S. firms would be a helpful step. Trade and financial transactions should take place on a normal commercial basis.

And should the Soviet Union codify its emigration laws in accord with international standards and implement its new laws faithfully, I am prepared to work with Congress for a temporary waiver of the Jackson–Vanik amendment,[23] opening the way to extending most-favored-nation trade status to the Soviet Union. After that last weighty point, I can just imagine what you were thinking: It had to happen. Your last day in college had to end with yet another political science lecture. [Laughter]

In all seriousness, the policy I have just described has everything to do with you. Today you graduate. You're going to start careers and families. And you will become the leaders of America in the next century. And what kind of world will you know? Perhaps the world order of the future will truly be a family of nations.

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[22] Regarding President Bush's four-point proposal enunciated May 29, see Document 120.

[23] The Jackson–Vanik amendment, Section 401 of the Trade Act of 1974, provides that most-favored-nation trade status should be withheld from nonmarket economy countries that deny freedom of emigration to their citizens; see 88 Stat. 2056.

It's a sad truth that nothing forces us to recognize our common humanity more swiftly than a natural disaster. I'm thinking, of course, of Soviet Armenia just a few months ago, a tragedy without blame, warlike devastation without war. Our son took our 12-year-old grandson to Yerevan. At the end of the day of comforting the injured and consoling the bereaved, the father and son went to church, sat down together in the midst of the ruins, and wept. How can our two countries magnify this simple expression of caring? How can we convey the good will of our people?

Forty-three years ago, a young lieutenant by the name of Albert Kotzebue, the class of 1945 at Texas A&M, was the first American soldier to shake hands with the Soviets at the bank of the Elbe River. Once again, we are ready to extend our hand. Once again, we are ready for a hand in return. And once again, it is a time for peace.

Thank you for inviting me to Texas A&M. I wish you the very best in years to come. God bless you all. Thank you very much.

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179. Test of "New Thinking"

Press Conference by President Bush, June 8, 1989 (Extract)[24]

. . . .

Q. Mr. President, we can discuss another Communist country for a while. Your attitude towards the Soviet Union seems to have shifted a bit since you became President, from deep skepticism to seeming acceptance of their intentions. Do you now accept Mr. Gorbachev's sincerity in regard to his pledge of new thinking? And can you tell us a little bit about why you've changed—

THE PRESIDENT. I don't think it's shifted as much as you think, Michael [Michael Gelb, Reuters].[25] I don't think it's shifted as much. What I did was to say, we need a time to make some prudent investigation and discovery and then to go forward with a proposal. And we've done exactly that. The proposal we made at NATO has unified the alliance, and some of the leaders told me that it's more unified than it's been in history. We've made a good proposal now, and I hope the Soviets will take it on good faith, and I am encouraged by the response so far.

Having said that, in dealing with the Soviet Union, I am going to continue to keep my eyes wide open. I will also say I want to see *perestroika* succeed. I want to see it succeed, not fail. And I told Mr. Gorbachev that one-on-one last fall at Governors Island. So, I don't think he believes that I view this as some kind of a Cold War relationship, or that I want to see *perestroika* fail. He did say that he felt there were some elements in this country that did. But I hope that now he knows that I don't look at it that way.

Q. Well, let me just follow up. Do you accept that he is sincere in terms of—are you operating on the assumption that he is sincere when he says he's interested in new thinking in international affairs?

THE PRESIDENT. He's already demonstrated that he's interested in new thinking. Who would have thought that we would sit here and, on television, see a relatively lively debate? It's nothing like our Congress, but it had some similar aspects to it. And so, I think he has already demonstrated his commitment to change and to reform.

But there are ways now to solidify these changes. They have 600,000 troops, and we have 305,000. And I made an offer to him. I said the best way to guarantee stability and less warlike attitude is to go to equal numbers. And they are being asked to take out many, many more troops than we are. But I've said, what's wrong with being equal? The United States will have 275,000 troops deployed, and you, sir, will have 275,000. So, here's a test now. Nobody can argue the inequity of that, particularly since we've put aircraft and helicopters and these other categories on the table.

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[24] Source: *Weekly Compilation of Presidential Documents*, June 12, 1989, p. 869. The press conference, which began at 8 p.m. in the East Room of the White House, was broadcast live on nationwide radio and television.

[25] Brackets in the source text.

And I am inclined to think that if I do my work properly and we keep NATO moving forward on this quick timetable, that we can succeed. And if we do, he will once again have demonstrated his desire for change.

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180. Editorial Note

On June 12, during a visit to the Soviet Union, Chairman of the Joint Chiefs of Staff Admiral William J. Crowe, Jr., signed an agreement with the Chief of the General Staff of the Soviet Armed Forces designed to prevent the occurrence of dangerous military incidents. This agreement, which Admiral Crowe signed for the United States, and General Mikhail Moiseyev signed for the Soviet Union, was entitled "Agreement Between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics on the Prevention of Dangerous Military Activities". The initiative for the agreement developed out of talks between former Secretary of Defense Frank Carlucci and Soviet Minister of Defense Dimitri Yazov in Bern, Switzerland, in March 1988. The charter for the joint working group which produced the agreement was developed in conversations between Admiral Crowe and Soviet Marshal Sergey Akhromeyev in July 1988. For text of the agreement, see *International Legal Materials*, Vol. 28, No. 4 (1989), pages 877–895.

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181. "Soviets Can Show Us . . . the New Thinking Applies the World Over"

Statement by Secretary of State Baker, June 20, 1989 (Extract)[26]

. . . .

By taking positive actions in the area of regional conflicts, the Soviets can show us that the new thinking applies the world over.

In Central America and the Middle East, especially, but also in southern Africa, the Horn of Africa, and Asia, it is time for the Soviets to prod their clients into doing some new thinking of their own.

As an outgrowth of the May ministerial discussions, we are now engaging in a series of expert talks with the Soviets on all these areas of regional concern. At the ministerial, we also had fruitful discussions on transnational and bilateral issues. The transnational problems were added to the agenda at our suggestion.

We have pointed out that the Alaskan oilspill, the Armenian earthquake, Chernobyl, global warming, all of these are problems that go beyond traditional geopolitical concerns of sovereignty and security to affect global well-being.

I would sum up this discussion of United States-Soviet relations this way, Mr. Chairman. No one can know the outcome of the changes taking place in Moscow and elsewhere in the Communist world. In the end, we do know that the success of reform will depend primarily upon the choices which are made in Moscow, in Beijing, or in East Berlin, not in Washington, in Brussels, or in Bonn.

And what we also know is that the East can progress only through both political and economic reform. To stand in the way of such necessary historic change, as we are seeing now to our outrage and sorrow in China, is to turn one's back to the future. This is why General Secretary Gorbachev's temporizing comments on these tragic events are disappointing.

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[26] Source: *The Future of U.S.-Soviet Relations: Hearings Before the Committee on Foreign Relations, United States Senate, One Hundred First Congress, First Session* (Washington, 1990), p. 910. Claiborne Pell, chairman of the committee, presided over the session.

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182. President Bush's Meeting With Shevardnadze

Statement by Secretary of State Baker, September 21, 1989[27]

I've just come from, as you know, the President's meeting with Minister Shevardnadze. I have a brief statement that I'd like to give you and then I'll be glad to take your questions.

The discussion in the meeting focused on five topics:

First, a summit;

Second, recent internal events in the Soviet Union;

Third, regional conflicts around the world;

Fourth, human rights; and

Fifth, the letter on arms control which Minister Shevardnadze delivered from President Gorbachev to President Bush.

With respect to a summit, let me simply say that there was a full discussion of a summit. As I think perhaps the Minister told you out on the driveway, we hope to have a general timeframe for a summit which we could announce during the time that we're in Wyoming.

President Gorbachev's letter is a reply to a letter that President Bush sent him 3 months ago.[28] In President Bush's letter, he communicated his desire to make progress on our full arms control agenda. His letter also covered the key principles that President Bush thought should guide us in pursuing strategic arms control. The President wrote of the need to reduce the risk of war through enhancing strategic stability, especially by working "in these negotiations to remove any incentive to attack first." In line with this, the President also wrote, "We must work to ensure that the forces that remain after an agreement are survivable."

In response the Gorbachev letter covers the range of arms control issues. It is a detailed and technical reply. Our experts are studying its contents seriously, and we expect to be discussing that letter in some detail in Wyoming.

Let me make a couple of general points, if I might, about the implications of the letter and then I'll be glad to respond to your questions.

President Gorbachev shares President Bush's concern with increasing strategic stability and ensuring survivability. He also agrees with President Bush's emphasis on improved verification measures. And in Wyoming, we hope to make substantial progress on the verification and stability measures which we propose for START in June.

President Gorbachev also agrees with President Bush that we must move forward to ban chemical weapons from the face of the Earth. In this regard, the memorandum of understanding, which we hope to conclude in Wyoming on exchanges of chemical weapons data, represents a serious step forward.

In closing, let me simply say that I think the letter generally represents a positive response to President Bush's letter. We believe that while the negotiations are complex and many difficult issues still have to be resolved, we're very hopeful that real progress will continue to be made on the full range of our arms control agenda.

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[27] Source: Department of State *Bulletin*, November 1989, p. 1. The Secretary made this opening statement at a press conference at the White House. Soviet Foreign Minister Shevardnadze met with President Bush at the White House on September 21, and then accompanied Secretary Baker to Jackson Hole, Wyoming, for a ministerial meeting, September 22–23.

[28] Texts of the letters cited in the source text have not been released.

183. Results of the Wyoming Ministerial Meeting

Joint Statement Issued by the Governments of the United States and the Soviet Union, Jackson Hole, Wyoming, September 23, 1989[29]

Secretary of State James A. Baker, III, and Foreign Minister Eduard A. Shevardnadze met September 22–23 in Jackson Hole, Wyoming, for discussions on the entire spectrum of U.S.-Soviet relations, in the course of the Foreign Minister's official visit to the United States.

The Foreign Minister also had a discussion with President Bush on September 21 at the White House, where he delivered a letter from Chairman Gorbachev which contained new ideas and proposals on security questions. They had a wide-ranging exchange of views on the overall direction and prospects for development of the U.S.-Soviet relationship.

The two sides attach great significance to contacts between U.S. and Soviet leaders in the development of the U.S.-Soviet dialogue at this important and promising point in U.S.-Soviet relations. Based on earlier understandings between President Bush and Chairman Gorbachev, the sides agreed that the next U.S.-Soviet summit meeting will take place in the United States in late spring-early summer 1990.

Both sides agree that their common goal is to build a more stable, constructive, and sustainable relationship, one in which openness and cooperation increasingly replace mistrust and competition. While significant differences remain on certain issues, the Secretary and the Foreign Minister believe that—with continuing efforts and shared commitment to a candid dialogue aimed at finding practical and concrete solutions—it will be possible to further and broaden the progress that has been made in recent years in U.S.-Soviet relations.

Toward this end, the discussions in Jackson Hole were productive and serious. They were complemented by the efforts of experts' working groups on all parts of the five-part agenda, both in Wyoming and preceding the ministerial in Washington. The Secretary and the Foreign Minister reached specific agreements in several areas and defined new directions for work in other areas.

I. The Secretary and the Foreign Minister held a thorough and productive review on the range of arms control and disarmament issues. They noted with satisfaction that, since their May meeting in Moscow, the nuclear and space talks, nuclear testing talks, and bilateral consultations on chemical weapons have resumed.

The Secretary and the Foreign Minister had a detailed discussion of nuclear and space issues, including the ideas contained in the letters exchanged by President Bush and Chairman Gorbachev.

Regarding ABM and space, the Soviet side introduced a new approach aimed at resolving this significant issue. Both sides agree that the Soviet approach opens the way to achieving and implementing a START treaty without reaching a defense and space agreement. The sides agreed to drop the approach of a nonwithdrawal commitment while continuing to discuss ways to ensure predictability in the development of the U.S.-Soviet strategic relationship under conditions of strategic stability to reduce the risk of nuclear war. The U.S. side said it would consider carefully the other aspects of the overall Soviet approach. Both sides agreed that their negotiators would consider these issues in Geneva. They also agreed that the negotiators would discuss the U.S. invitation for Soviet Government experts to visit two U.S. facilities involved in strategic defense research.

The Soviet side stated that, guided by its longstanding goal of strengthening the ABM Treaty regime, it had decided to completely dismantle the Krasnoyarsk radar station. The U.S. side expressed satisfaction with this announcement.

At the same time, the Soviet side stressed again the necessity of removing its concerns about the U.S. radar stations in Greenland and Great Britain. The U.S. side promised to consider these concerns, in consultation with its allies.

In the interest of promoting progress in the negotiations, the Secretary announced that the U.S. side was withdrawing its proposal to ban mobile ICBMs in START, contingent on the funding by the U.S. Congress of U.S. mobile ICBMs. The Soviet side expressed satisfaction with this announcement, and the two sides agreed on the need further to develop provisions for effective verification for limits on mobile ICBMs. In this connection, they also reached agreement on additional elements of common ground regarding the verification of mobile ICBMs, building on the elements agreed at the Moscow summit and subsequent work in Geneva.

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[29] Source: Department of State *Bulletin*, November 1989, pp. 5–8.

Both sides noted the need to resolve the ALCM and SLCM issues. On ALCMs, the Soviet side put forward a new idea concerning its approach on how to deal with ALCMs and heavy bombers.

On SLCMs, the Soviet side offered new approaches for dealing with this difficult problem. The Soviet side raised the possibility of dealing with SLCMs in a broader naval arms context. As for the nuclear and space talks, the Soviet side appealed to the American side to concentrate on verification and said that in the context of a verification system for SLCMs, these weapons could be limited outside of the text of a START treaty on the basis of reciprocal obligations. While reiterating its willingness to study the Soviet ideas, the U.S. side, for its part, emphasized its doubts about the feasibility of a workable verification system for SLCMs and noted its longstanding view that there are serious problems involved in any discussion of the limitation of naval arms.

The Soviet side responded positively to President Bush's June initiative on verification and stability measures. In this regard, the Secretary and the Foreign Minister had a thorough exchange on the details of the initiative and signed an agreement[30] encouraging the development of such measures and outlining principles for implementing them. They also completed an agreement[31] on the advance notification of major strategic exercises. The sides examined the other verification and stability measures and agreed to explore these further in Geneva.

The sides also agreed that, for purposes of the 1,600 START limit, ballistic missiles will be defined in terms of missiles and their associated launchers, thus resolving a longstanding issue.

New instructions will be issued to negotiators to take account of the exchanges on these and other START issues.

The Secretary and the Foreign Minister reaffirmed the objective of early conclusion of a comprehensive, verifiable, and truly global ban on chemical weapons. To intensify efforts toward this goal, and to enhance openness and confidence between the two countries, they signed a Memorandum of Understanding on a bilateral verification experiment and data exchange.[32] The MOU provides for an exchange of data on U.S. and Soviet chemical weapons stockpiles and for visits and inspections of chemical weapons sites.

The sides adopted a special joint statement on chemical weapons[33] in which they stressed the need to conclude a chemical weapons ban and underscored their concern about the problem posed by the proliferation of chemical weapons.

The Secretary and the Foreign Minister examined the status of the nuclear testing negotiations. They noted that the verification protocol for the 1976 Peaceful Nuclear Explosions Treaty[34] has been agreed, ad referendum, by their negotiators and reached agreement to incorporate hydrodynamic and seismic monitoring, as well as on-site inspection, into the verification protocol for the 1974 Threshold Test Ban Treaty,[35] as well as the levels above which these measurements would occur. In order to obtain a statistically significant number of data points to improve the national technical means of each side, each side will guarantee the other side the right to make on-site hydrodynamic yield measurements of at least two tests per year during the first 5 years following ratification of this treaty. After 5 years, each side shall guarantee one such hydrodynamic measurement a year thereafter unless otherwise agreed by the two sides.

These agreements provide a framework for conclusion of the verification protocols, completing a process that began 15 years ago. They instructed their delegations to continue intensive work to resolve all remaining issues so that these two documents can be submitted for ratification as quickly as possible.

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[30] For text, see *ibid.*, pp. 21–22.

[31] For text, see *ibid.*, pp. 20–21.

[32] For text, see *ibid.*, pp. 18–20.

[33] See Document 25.

[34] Signed in Washington and Moscow May 28, 1976, but not ratified by the United States; see *ibid.*, June 28, 1976, pp. 802–812.

[35] Signed in Moscow July 3, 1974, but not ratified by the United States; see *ibid.*, July 29, 1974, pp. 217–218.

The Secretary and the Foreign Minister noted with approval the work being done in the negotiations on conventional forces in Europe and called for rapid conclusion of an agreement.

The Secretary and the Foreign Minister agreed in principle to the "open skies" concept proposed by President Bush in May, which could make a genuine contribution to openness and confidence-building. They noted their willingness to attend an international conference on the subject.

The sides noted the importance of joint efforts by the United States and the Soviet Union to prevent the proliferation of missiles and missile technology and agreed to activate bilateral consultations on this pressing problem.

II. The Secretary and the Foreign Minister had a thorough and frank exchange on regional issues. The sides reaffirmed their belief that active U.S. and Soviet support for political solutions that are comprehensive and based on broad national reconciliation could facilitate the peaceful resolution of regional conflicts around the world. They noted that the two sides continue to differ on some specific aspects of the question of arms supplies and their effect on the possibility of political settlements.

They noted that a cycle of regional experts' discussions had been held on Central America, Afghanistan, Africa, the Middle East, and East Asia, Southeast Asia, and the Pacific. Both sides found these discussions useful for understanding one another's views and agreed to continue experts' meetings in the future.

The sides expressed their support for efforts by the Central American countries to establish a lasting peace in that region on the basis of the Esquipulas treaty[36] and subsequent agreements, which include a commitment not to permit the use of their territory to support those seeking to destabilize other Central American countries. While noting their differences on certain questions, including the level of arms flows to the region, they called on all interested parties to support this process actively by respecting in full the letter and spirit of the accords signed by the leaders of the five Central American countries. They also called upon all states outside the region to respect the request by the Central American countries to end all military assistance to irregular or insurgent forces.

The two sides agreed on the need for a political settlement in Afghanistan on the basis of national reconciliation, one that ensures the peaceful, independent, and nonaligned status of Afghanistan. While their approaches differ over how to translate these principles into reality, they, nevertheless, agreed that a transition period is required, as well as an appropriate mechanism to establish a broad-based government. The sides reaffirmed their commitment to the Geneva accords on Afghanistan.[37]

The sides reaffirmed their support for an active Middle East peace process. Among other issues, they also exchanged views on the place in that process of an Israeli-Palestinian dialogue leading to a comprehensive settlement of the Arab-Israeli conflict in which all relevant parties will participate.

The Secretary and the Foreign Minister expressed in a separate joint statement[38] their strong support for the Arab League Tripartite Committee plan on Lebanon to bring about a cease-fire, a lifting of the blockade, and a dialogue among the Lebanese parties aimed at achieving a political settlement. They condemned the taking of hostages and called for the immediate release of all hostages.

The Secretary and the Foreign Minister advocated a comprehensive political settlement in Cambodia and a continuation of the negotiation process toward this end. At this stage, they feel it is most important to take efforts to avert intensification of the civil war and the return of the Pol Pot regime to power. The sides declared their readiness to announce, together with other states, a moratorium on military assistance to all Cambodian factions as part of a comprehensive settlement.

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[36] For text of the Central American peace agreement signed by the Presidents of the five Central American governments at Guatemala City, August 7, 1987, see *American Foreign Policy: Current Documents, 1987*, pp. 749–753.

[37] For texts of the agreements between the Governments of Afghanistan and Pakistan, and the Governments of the United States and the Soviet Union signed at Geneva, April 14, 1988, see *ibid., 1988*, pp. 476–484.

[38] Issued on September 23; see Department of State *Bulletin*, November 1989, pp. 9–10.

The Secretary and the Foreign Minister agreed on the need to implement fully and on schedule the UN plan for the granting of independence to Namibia, including the holding of free and fair elections. They expressed their support for the national reconciliation process in Angola and for efforts to secure peace and stability in Mozambique. The sides also advocated a peaceful, political solution to the internal conflicts in Ethiopia and supported the negotiation process underway between the Ethiopian Government and the Eritrean People's Liberation Front.

III. Within the framework of the ongoing U.S.-Soviet dialogue on human rights and humanitarian affairs, the Secretary and the Foreign Minister held a constructive discussion of a broad range of human rights and humanitarian issues, including the role of international accords and generally accepted standards in the field of human rights and of the Helsinki Final Act and other CSCE agreements. Specific reference was made to policies and cases of exit and entry, freedom of conscience, criminal practices concerning which questions had been raised and on which information will be exchanged. The Secretary and the Foreign Minister agreed to work to move forward on a range of programs that will promote a better understanding of each other's institutions, legislation, and practices which affect human rights and humanitarian issues.

IV. The Secretary and the Foreign Minister discussed a range of questions related to the other two parts of the agenda, bilateral and transnational issues. They signed two agreements: The Agreement Between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Concerning Mutual Visits Between Inhabitants of the Bering Straits Region and the Agreement Between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Concerning the Bering Straits Regional Commission.[39]

A U.S.–U.S.S.R. joint statement was also signed on a uniform interpretation of rules of international law governing innocent passage through territorial waters,[40] which removes a potential source of friction in the relationship between the two countries. They endorsed a working paper containing proposals for extending the jurisdiction of the International Court of Justice. In furtherance of this, the sides have agreed to approach the three other permanent members of the United Nations Security Council with a proposal to discuss this question.

U.S. and Soviet experts together elaborated an approach for resolution of the Northern Pacific maritime boundary issue. The Secretary and the Foreign Minister directed the experts to meet again soon to complete their work on this basis.

The two sides agreed to start talks regarding the possible expansion of air routes between the two countries.

In connection with the virtually completed agreement on cooperation in the field of peaceful uses of atomic energy, it was decided to accelerate completion of proposals aimed at drawing up a new agreement on cooperation in the field of non-nuclear energy.

The sides reached agreement in principle that U.S. and Soviet cultural and information centers would be opened in Moscow and Washington, respectively.

The Secretary and the Foreign Minister approved a bilateral work program.

The sides also discussed matters connected with implementation of the U.S.-Soviet Memorandum of Understanding signed in January 1989[41] regarding cooperation in combating the flow of illegal narcotics. They expressed readiness to consider new ideas for bilateral and international cooperation in this field. They agreed that experts from both sides would meet in Moscow before the end of 1989 to discuss concrete proposals.

The two sides conducted an extensive discussion on the problem of combating international terrorism and agreed in principle that experts would meet again in early 1990.

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[39] For texts, see *ibid.*, November 1989, pp. 22–25.

[40] Issued on September 23; see *ibid.*, p. 25.

[41] Memorandum of Understanding Between the United States and the Soviet Union on Cooperation to Combat Illegal Narcotics Trafficking, January 8, 1989.

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The two sides underscored the desirability of intensifying contacts between high-level elected and appointed officials in a variety of areas.

They devoted special attention to continued and new cooperation on a range of bilateral and international environmental problems, including global and climate change, as well as the problem of various sources of pollution.

The two sides confirmed their intent to conclude an agreement on cooperation on study of the world oceans by the end of this year and to continue their work of preparing an agreement on cooperation in the field of housing and other types of construction.

The two sides agreed to consult and cooperate with the goal of increasing the effectiveness of the UN.

The Secretary and the Foreign Minister agreed on the necessity of continuing the search for new spheres of joint action directed at qualitative movement on bilateral and transnational issues in U.S.-Soviet relations.

A detailed discussion took place, including with the participation of experts, on a range of economic questions. It was agreed that these useful discussions will be continued.

Both sides confirmed the utility of conducting regular meetings at the ministerial level for considering and resolving major problems of U.S.-Soviet cooperation.

184. "The U.S.-Soviet Relationship Is Entering a Fresh Phase"

Press Conference by Secretary of State Baker, Jackson Hole, Wyoming, September 23, 1989[42]

I really would like to first thank the people of Wyoming for letting us share this majestic location for a few days.

The openness of this setting, I think, epitomizes the new nature of our talks with the Soviet Union. I believe the U.S.-Soviet relationship is entering a fresh phase. We have, in my view, moved from confrontation to dialog and now to cooperation—joint action on common problems, across a broad range of topics on our five-part agenda.

This has been a productive ministerial. In fact, Minister Shevardnadze told me today that in his view this ministerial was unique from the standpoint both of context and content.

Our flight to Wyoming, when we discussed the challenges of the nationalities problem and *perestroika*, set a tone of openness for our subsequent meetings. We followed with U.S. proposals for "open skies" and open lands, a human rights work program to support the development of a more open Soviet society, our initiative for greater environmental cooperation including exchanges, and a new discussion of the economic changes taking place within the Soviet Union.

We also took a series of steps across the full arms control agenda to overcome old misconceptions and build trust. In fact, Minister Shevardnadze also told me that he thought we made more progress across the full range of arms control issues than in any prior ministerial which he had attended.

We have translated this new spirit of openness into some concrete achievements, too.

First, the Soviets said they have dropped their linkage between completing and implementing agreement on START and achieving a defense and space accord. I made clear that the President remains committed to the Strategic Defense Initiative (SDI) and offered the Soviets the opportunity to visit SDI research facilities.

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[42] Source: Department of State *Bulletin*, November 1989, p. 10. The Secretary made this opening statement at a press conference following his meetings with Foreign Minister Shevardnadze.

Second, the Soviets agreed to dismantle their radar at Krasnoyarsk without preconditions.

Third, we broke a 15-year deadlock by agreeing on the full verification regime for the nuclear testing treaties. This provides a detailed framework for the possible completion of these treaties next year.

Fourth, we signed a Memorandum of Understanding on chemical weapons data exchange and verification tests, a good, realistic step toward addressing the larger task of completing an effectively verifiable ban on chemical weapons.

Fifth, our willingness to lift the ban on mobile ICBMs, contingent on congressional approval of funding for the U.S. mobile ICBM programs, made it possible, I think, for us to move ahead on developing verification measures for mobile missiles.

Sixth, based on President Bush's June proposals, we signed an umbrella agreement on START verification and stability measures, as well as a seperate agreement on notification of strategic forces exercises.

Seventh, the Soviets agreed to President Bush's proposal to explore the details of an "open skies" regime at an international conference.

Eighth, we explored new ideas about resolving a number of regional conflicts. In particular, I believe we share a view on the importance of free and fair elections in Nicaragua and on stopping support for subversion in El Salvador. We also both support efforts to promote a Palestinian-Israeli dialog. And we condemn hostage-taking while supporting the immediate release of the hostages held in Lebanon.

Ninth, we followed up on the encouraging efforts by the Soviets to permit refuseniks and others to emigrate freely. We've also developed a new human rights work program placing increased emphasis on exchanges that could promote the institutions that should protect human rights in the Soviet Union.

All in all, we got a lot of work done. We want to keep on going and we shall.

In that connection, as you know by now, President Bush and President Gorbachev have agreed to hold a summit meeting in the late spring or early summer of next year. Minister Shevardnadze and I will, of course, be meeting in advance to try and make that summit as productive as possible.

Before I close, I want to make one final announcement. President Bush intends to offer a new initiative at the United Nations on Monday[43] that will move the world closer to a ban on chemical weapons. The President believes that U.S. leadership is necessary to turn good intentions into an historic achievement.

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185. "Our Policy Can Support President Gorbachev's Reform Policies"

Statement by Secretary of State Baker, October 4, 1989 (Extract)[44]

. . . .

Since 1985, Mr. Chairman, the Soviet Union has pursued an extraordinary effort at internal reform; as you mentioned in your opening comments, an effort that is now known to the world as *perestroika* and *glasnost*. *Perestroika* and *glasnost* are an inextricable mix of political, economic, and legal measures. As President Gorbachev has stated, overhauling the Soviet economy will require a transformation of the political and legal landscape as well as the economic landscape. In other words, a true revolution.

The President of the Soviet Union and his allies have had to define and legitimize a new Soviet market system. Frequently, they describe it as a "socialist market." You, yourself, pointed out in your opening comments that it is something different than the completely free and open market that we have found so successful in the West.

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[43] See Document 4.

[44] Source: *U.S.–U.S.S.R. Economic Relations: Hearing Before the Committee on Finance, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), pp. 3–9. Lloyd Bentsen, chairman of the committee, presided over the session.

But this effort requires much more than a technically sound program. It necessitates an overhaul, really, of the fundamental thinking and attitudes of millions of people. Indeed, it involves a reconsideration of Soviet doctrine in several sensitive areas. For instance, *perestroika* requires a renegotiation of the Soviet social contract.

The Soviet people had received extraordinary security and distributive equality except for the privileged and the corrupt, which was a growing group, but they've received that at the price of political dictatorship, the absence of civil liberties, few economic incentives, and really seriously limited economic opportunity.

One dilemma of the traditional Soviet economy was summed up in the cynical phrase of Soviet workers when they say, "They pretend to pay us and we pretend to work." So it would be a mistake, I think, to analyze *perestroika* as simply an economic phenomenon. The course set by President Gorbachev involves changes in political structure, ideology, legal practices, and popular attitudes as well, of course, as the economy. Much of it is experimental. It's designed to cope with problems of the moment. And, frankly, it is a staggering task.

Given the magnitude of the challenge, it should not be surprising that *perestroika* has turned out not to be one reform program, but an amalgam of many. It is an ongoing experiment, relying on a fair amount of "seat of the pants" logic. It has reflected compromises made necessary by the Soviet system of collective leadership. It has incorporated contradictions because different factions in the Soviet Union have pressed alternative solutions. These compromises and contradictions have created ambiguities, which in turn have opened opportunities for bureaucratic "reinterpretations" and obstructions. The lack of an internally consistent, comprehensive, and integrated reform program—while it's understandable—remains a major, ongoing weakness.

Gorbachev's initial reform program followed the lead of his patron, Andropov. He emphasized "uskoreniye" (Ooh-ska-rain-e-yuh)—"acceleration." The aim there was to accelerate growth through more intensive use of inputs, rather than just massing additional resources. The elements of the program included higher growth targets, increased investment in equipment, the well-known anti-alcohol campaign, and a worker discipline campaign. But, of course, as we all know, it didn't work.

By 1987, Gorbachev was ready to move beyond the Andropovian approach to reform. He introduced major reform measures at the June 1987 Central Committee Plenum. These measures addressed a number of sectors and issues of economic organization.

While they were broad-based, these changes were neither comprehensive nor integrated with one another. Indeed, the nature of collective leadership and adaptations to ideology produced compromises, which at times led to very contradictory results.

My statement describes these efforts in detail, but let me select just one—the treatment of cooperatives—to give you a flavor of the problem.

Cooperatives were supposed to give a quick boost to sales and production by permitting groups of workers to enjoy the fruits of their labors. They could also be an evolving form of private ownership. Yet compromises produced a legal and business environment that one might have designed with a purpose to kill the cooperative movement. First, planners still channeled most inputs to state firms, forcing cooperatives to operate through illegal and higher-priced "black" markets. This hurt the public legitimacy of coops. Second, in the absence of any real competition, many coops earned monopoly profits, which further eroded any chance of public support. Since many coops operated as trading intermediaries, they also faced the wrath that producers and consumers usually reserve for "middlemen". Third, the government's reaction was to grant local authorities wide latitude in taxing coops, which in some parts of the Soviet Union is likely to lead to harsh taxes. In addition, the government forbade coops from operating in certain sectors (e.g., medicine, printing) that had proven popular and profitable. Fourth, the very tenuousness of the coops' existence has led many to distribute profits instead of trying to reinvest those profits.

So the future of coops remains uncertain. They were a prime target of union complaints during the recent strikes in the Soviet Union. The Supreme Soviet just recently only narrowly defeated 205 to 190 a proposal to close all trading cooperatives.

In summary, the piecemeal reforms that were attempted in 1987 proved inadequate. The reforms ran into bottlenecks and vested interests. Government spending increased and revenues fell. The large deficit was financed through printing more rubles, which of course sent inflation climbing. People no longer trusted the value of the ruble, so they began to exchange their currency for real assets as quickly as possible. This hoarding of goods exacerbated the shortages that existed anyway.

But failure has provided a clear lesson: Reform has got to be comprehensive—economically and politically comprehensive—if it's going to have any reasonable chance of success.

There are various possible comprehensive strategies, but each requires a shift from the ad hoc adjustment of the past. And therein lies the rub. It will be exceedingly difficult, Mr. Chairman, for a collective leadership to develop a comprehensive effort. This should come as no surprise. It is hard even under our decentralized political system to develop comprehensive programs. But our basic political and economic systems work. The Soviet Union's do not. And many members of the Soviet political leadership remain ideologically resistant to the reforms that are necessary.

I don't think that it is my place, Mr. Chairman, to offer detailed prescriptions to the Soviets. Their society, as I've pointed out, is vastly different than ours. But a few economic points stand out to me personally.

First of all, it seems obvious that price reform, market price reform, is the key. Whatever the problem, the solution keeps coming back to market prices. In addition, the introduction of market prices is an important step toward achieving a *convertible ruble*, which is necessary for effective, competitive interaction by the Soviet economy with the rest of the international economy. *Second*, there is a reasonable case that price reform cannot proceed until the Soviets have *stabilized the value of the ruble*. The massive deficits financed by printing rubles and the large number of rubles that are now chasing too few goods have led Soviet citizens to prefer real assets to monetary assets of constantly declining value. If prices were freed at present, the demand for goods would send prices soaring. The Soviets refer to this problem as the ruble overhang.

Policies to absorb excess rubles might include, but not necessarily be limited to, selling state-owned assets such as apartments, equipment, and land: issuing financial instruments with positive rates of return after inflation; and possibly selling consumer goods imports at a substantial markups. The sizable Soviet gold stocks might also be used to back the value of the ruble or government bonds; since the Soviets are major gold producers, they could use future gold production to regulate their money supply.

The Soviets would need to complement these monetary policies with fiscal restraint to avoid recreating a new ruble overhang. Spending restraint could come from cutting subsidies to firms, cutting defense spending, cutting expenditures on massive for-show construction projects, and, of course, cutting military aid to foreign clients—for example, the billions of dollars given to Cuba, Nicaragua, Afghanistan, Ethiopia, Vietnam, and Cambodia.

Third, market prices and macroeconomic stabilization measures will not suffice in the absence of *microeconomic reforms in industrial organization*. Enterprises and cooperatives in the Soviet Union are going to have to be free to compete or it won't work. Monopolies are going to have to end. State controls should not limit the ease of entry and exit of competitors. Market signals—the real key here, Mr. Chairman—market signals and not central planners are going to have to allocate resources.

Fourth, the Supreme Soviet must establish *legally certain property rights*. While ideology in the Soviet Union may constrain references to private property, other arrangements may be able to substitute at least for a time, such as transferable, long-term leaseholds. Also, the effectiveness of any program to sell government assets obviously depends on the rights of the purchasers to hold, use, improve, and dispose of those assets.

Fifth, the Soviet Union will have to move carefully in substituting *tax and regulatory* policies for confiscation and production directives, such as exists under the current system.

Finally, Mr. Chairman, the Soviet Union will need to develop a "*safety net*" that protects those who cannot fend for themselves in the changed economic environment.

This administration wants *perestroika* to succeed. We believe it can help create a more open society, institutionalize interests that will resist military adventurism, establish claims for societal resources that were previously channeled into the military, and transform the Soviet Union into a more cooperative contributor to the international community.

It's in our long-term interest for more people around the globe to share the core values which we in the West embrace. So we welcome the Soviet Union's movement toward those values.

We must be realistic, I think, however, in assessing what actual influence we can have on the success of *perestroika.* As President Gorbachev has stated on numerous occasions, the success of Soviet restructuring depends, in the final analysis, on the Soviet people themselves.

Nevertheless, I believe our policy can support President Gorbachev's reform policies in what I would characterize as *six mutually advantageous* ways:

First, and above all, I think it's apparent that Gorbachev needs a *stable international environment* so that he can focus the energies of his country on internal change.

We have tried to create these conditions by placing increased emphasis on working with the Soviets to *resolve* the dangerous *regional conflicts* that dot the globe. We remain, Mr. Chairman, though, somewhat dismayed at the pattern of ongoing Soviet military support for conflict in many of the regions I've mentioned.

Second, arms control that *reduces the risk of conflict* can help both of us. Appropriate arms control agreements can help stabilize the international environment by reducing the risk of surprise attack. Such agreements can also reduce the burden of defense spending. The "peace dividend" that would accrue would be especially notable for the Soviets if we are able to reach an agreement to reduce conventional forces. Of course, as you know, Mr. Chairman, we also seek mutually—mutually—beneficial results in START, the defense and space talks, chemical weapons, and nuclear testing.

Third, the peaceful achievement of *reform* in *Eastern Europe* would simultaneously serve as a model to boost Soviet reformers, enable the Soviets to reduce further their military presence, and peacefully stabilize the region through freedom.

Fourth, our efforts to *institutionalize human rights and the rule of law* and to encourage *common action on transnational or global dangers* like drugs, the environment, and terrorism can help build a more pluralistic and more open Soviet society. Pluralistic institutions, in turn, strengthen the foundations for the success of *perestroika* and make its gains more difficult to reverse.

Indeed, this is the logic behind the President's May 12 initiative on Jackson–Vanik.[45] If the Soviets enact and implement emigration legislation which is consistent with international standards, we will work with the Congress to seek a waiver of Jackson–Vanik, paving the way for the grant of most-favored-nation trading status. Indeed, we hope the Supreme Soviet will codify the new open Soviet emigration policies later this year or early next so that we can move forward on this issue.

Fifth, we may be able to offer the Soviets some *technical economic assistance* as they struggle with the massive task of restructuring their economy.

Finally, we can challenge the Soviets to implement the *domestic economic changes* that are the critical *predicate for increased international economic interaction.* It is my opinion, however, Mr. Chairman, that the Soviet economic system remains significantly incompatible with the operations of institutions like GATT, the IMF, and the World Bank. Furthermore, given the size of the Soviet Union, its membership could prove disruptive of the Bretton Woods institutions—especially if the long-term Soviet commitment to the values represented by those institutions remains uncertain.

While the Soviet Union is still evolving toward Western political and market values, I believe we best serve ourselves and the Soviets by insisting that trade and other economic relations be conducted on a commercial basis. Operating under these terms, we welcome mutually-beneficial, *nonstrategic* trade. Easier economic terms are neither in our interest, nor would they speed the cause of Soviet reform.

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[45] See Document 178.

President Gorbachev wants to remake the Soviet Union. That's what *perestroika* and *glasnost* are all about. That may not have been his aim, Mr. Chairman, in 1985, but the failures of the early reform efforts convinced him and his colleagues that change has got to dig deeper into Soviet society. These are utilitarian, purposeful, and determined men—yet we should recognize that they are not, in our view at least, pursuing freedom for freedom's sake. Their aim is to modernize the Soviet Union, but their frame of reference is not the age of reason or the spirit of enlightenment. They are the descendants of other great Russian modernizers, like Peter the Great and Alexander II, fundamentally rooted in the unique Russian experience.

Gorbachev has not been deterred by the failure to produce economic results. To the contrary, so far at least, his recourse when facing obstacles—as we saw once again this summer—is to use problems to further consolidate his authority. Then he takes steps to press political and economic reforms further. He doesn't not fold; he doesn't not call. He simply raises the stakes.

Nevertheless, Gorbachev and his allies still must operate as members of a collective leadership with very different notions of what reform means. So the leadership decisions coming out of the Soviet Union are often compromises and the results are often confusing.

This ad hoc policy development process is a severe handicap when the objective is to overhaul a society's attitudes toward work, competition, property, responsibility, and freedom. Policy is often incoherent. People remain uncertain. No one really knows what the future will bring.

It would be a mistake, however, I think, to conclude that the challenges are too daunting or that the impediments to success are too great. So far, President Gorbachev has secured greater power over the years, and he reveals every intention to "stay the course." The jury is still out, I think, on whether he will ultimately succeed or fail.

So yes, Mr. Chairman, we do want *perestroika* and *glasnost* to succeed. But we should also recognize the limits of our influence. This is an internal revolution. Its success depends ultimately on the Soviet people.

For our part, the United States should, and it will, pursue our own national interest. But that interest does not exist in isolation from the events which are taking place in the Soviet Union and in Eastern Europe. So I see our task as a *creative search for points of mutual*—and again, I'd emphasize the "mutual"—*advantage*, areas where both we and the Soviets can gain. In my opinion, Mr. Chairman, our recent broad-based engagement at the Wyoming Ministerial—on regional conflicts, arms control, human rights, global or transnational problems and bilateral topics such as economics—is a good example of this policy in practice.

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186. Points of Mutual Advantage

Address by Secretary of State Baker Before the Foreign Policy Association, New York, October 16, 1989[46]

Since the end of World War II, the United States and the Soviet Union have been engaged in constant struggle, a contest of superpower strength but also a contest of values and vision. No relationship has been more difficult or, ultimately, more promising. Difficult because traditional Soviet ideology has used the same words as we do—democracy, human rights, freedom, peace, and justice—while in practice denying the values behind them. Promising because in the nuclear age, the imperative of avoiding disaster has compelled us both to search for common interests.

We are in a time of rising promise. Relations with the Soviet Union have improved considerably since 1985, when Mikhail Gorbachev launched what he called *perestroika*—a total restructuring of Soviet society, including Soviet foreign and defense policies. And this administration has been building on what was achieved during the Reagan years so that improved American-Soviet relations will last. As President Bush has declared, "we will work together to move beyond containment of the Soviet Union . . . ."[47]

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[46] Source: Department of State *Bulletin*, December 1989, pp. 10–14.

We now have a historic opportunity with the Soviet Union. We have the chance to leave behind the postwar period with the ups and downs of the cold war. We can move beyond containment to make the change toward better superpower relations more secure and less reversible. Our task is to find enduring points of mutual advantage that serve the interests of both the United States and the Soviet Union.

There are two reasons why we think that the prospects for a lasting improvement in U.S.-Soviet relations are better than ever before. First, we in the West have demonstrated through our strength, unity, and fidelity to our values that democracy and free market economies work and work well together. Second, the alternative vision advocated by the Soviet Union has failed to produce either prosperity or an attractive society. Simply put—freedom works! Communism doesn't!

As a consequence of the failure of their system, the Soviets, led by Mikhail Gorbachev, have begun the process of reform and rebuilding called *perestroika*. And it is this process, combined with our own achievements, that offers promise for the future.

The President has said and I have said that we want *perestroika*—including the restructuring of Soviet-American relations—to succeed. We have reached this conclusion not because it is our business to reform Soviet society or to keep a particular Soviet leader in power—we can really do neither—but because *perestroika* promises Soviet actions more advantageous to our interests. Our task is to search creatively for those points of mutual U.S.-Soviet advantage that may be possible—and many more may be possible because of *perestroika*. Ultimately, of course, even as we explore Soviet "new thinking," we must be prepared to protect our vital interests, come what may. We must maintain a defense budget commensurate with our security requirements, and we must be vigilant and push Moscow toward cooperative behavior across the full range of our relations.

Now, I want to explain this policy of ours in more detail—specifically what we see in *perestroika*, why we want it to succeed, and what we are doing to find those points of mutual advantage that will benefit both American interests and *perestroika* itself.

I think it is important to begin by understanding the origins of *perestroika*. First and foremost, it is a Soviet response to a rapidly changing world in which they see themselves increasingly hard pressed to compete economically, technologically, politically, and militarily. The exponents of *perestroika* see their country as rich in natural resources and human talent but stifled by the legacy of stagnation—a system incapable of producing the economic progress and political legitimacy which Soviet citizens have the right to expect. And, as both President Gorbachev and Foreign Minister Shevardnadze have emphasized in their conversations with me, the cause of this problem goes beyond just a question of material assets. It is rooted in the very psychology of Soviet society, reinforced by equally stagnant political and legal systems.

Thus the very logic of *perestroika* requires that the Soviets themselves must solve their own problems in a comprehensive, organic way. Not only must the economic system be reformed but the political and legal systems too. *Perestroika* is, therefore, different than earlier, failed attempts at reforming the state Lenin founded and Stalin built. Gross inputs such as the redistribution of rural labor to industry or sources of cheap raw materials are no longer available to "jump-start" the economy.

Nor are Soviet problems susceptible to rescue from abroad through abundant Western credits—the failed policy of Brezhnev's "era of stagnation." President Gorbachev bluntly expressed this point in his 1988 New Year's address when he said: "We must not think, comrades, that someone will resolve our problems for us, that everything around us will change at the wave of a magic wand as midnight strikes on New Year's Eve. No. We must create the future ourselves, help the restructuring by our actions. . . ." As Ed Hewett, a Western expert on the Soviet economy, has put it, ". . . however strong Western feelings may be about the possible outcomes of this reform effort, Western policymakers should see that their 'influence' on this process can be no more than modest."

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[47] All ellipses are in the source text.

The self-reliant and radical nature of domestic *perestroika* has become even more crucial as the reforms have encountered increasing difficulties. Thus far Mr. Gorbachev and his colleagues have been willing to place their bets on reform and to double them if necessary.

Perestroika may have reached a turning point where the bets will have to be redoubled again. Consumer shortages are not likely to be relieved nor productivity increased without the incentives of a stable currency, free and competitive markets, private property, and real prices. Elements of Marxist-Leninist ideology such as the dominant, exclusive role of the Communist Party appear to be incompatible with the decentralized political and economic system necessary to solve Moscow's ills. And new political arrangements will be necessary to alleviate the grievances and demands of Soviet ethnic minorities and republics.

Finally the systemic, organic nature of *perestroika* takes it beyond the category of an exclusively domestic reform. President Gorbachev has repeatedly pointed to the links between domestic reform and the new thinking in foreign policy, saying just a few months ago, ". . . there exists an indissoluble link between the new foreign policy and *perestroika* within the country."

And that is where we come in. Fascinating as domestic change in the Soviet Union may be, we are mainly affected by the way the Soviet Union approaches the rest of the world.

Here, too, *perestroika* promises a radical reform.

Compare the kind of Soviet foreign policy we used to face with what we see today. Under Brezhnev, Soviet influence, primarily through armed proxies, expanded around the globe. Hand-in-hand with these adventures, the Soviets undertook an across-the-board defense buildup, well-expressed by former Secretary of Defense Harold Brown when he said, "When we build, they build; when we stop, they build."

Yet for all the expansion of their military forces and their efforts to establish beachheads around the globe, the Soviets bought neither greater security nor lasting success.

Indeed the lessons of the 1970s learned by today's Soviet leadership appear to contradict fundamentally the rose-colored view of the Brezhnev era. Gorbachev and his group of "new thinkers" now speak of the following lessons.

—The Brezhnev military buildup brought greater insecurity instead of increasing security. Soviet actions—such as the deployment of SS–20s in Western Europe, for example—provoked Western responses, making the correlation of forces less favorable to Moscow, not more.

—The military buildup also bankrupted the economy. The military's across-the-board first call on more and more resources had to cease.

—Security could not be achieved unilaterally, only multilaterally.

—Military and political gains in the Third World were expensive, and the shallow successes were nearly always fleeting.

—Regional conflicts could escalate and produce undesired confrontations. Possible gains were not worth the risks inherent in such situations.

These are the lessons the Soviets speak of having learned from Brezhnev's failures, theoretical lessons that have shaped the new thinking and *perestroika*.

But while in theory they have learned these lessons, they have not put them all into practice by any means.

In defense policy and arms control, the Soviets have shown greater understanding of the need to promote mutual security. In both conventional and nuclear arms control talks, the Soviets have shifted their positions to correspond more closely with long-held Western assumptions about preventing war and producing greater stability. President Gorbachev has promised cuts in the Soviet defense budget. He has promised to turn swords into plowshares by transforming tanks into tractors. Here we are still looking for concrete results.

In regional conflicts, the picture is very mixed. The Soviets have withdrawn from

Afghanistan. And they fostered the settlement in Angola. But, overall, Moscow appears less willing to make hard choices on the regional questions than on arms control. We've seen a surge in Soviet arms shipments to Afghanistan and Ethiopia; in Cambodia, Soviet shipments this year are already twice as high as all of 1988; and Soviet bloc arms continue to end up in Nicaragua. These disturbing actions, this seeming preference for military solutions, may work in the short-run to keep a Najibullah or a Hun Sen or a Mengistu in power. In the long-run, however, only political solutions based on national reconciliation can settle these conflicts. That's the true lesson of the 1970s.

What explains this mixed record? Some analysts, invoking past disappointments, argue that the Soviets are engaged in a mere "*perestroika*"—a breathing space until Leninism is strong enough to do battle once more with capitalism. Others, invoking future hope, argue that the new thinkers are so consumed by domestic concerns that old thinking still holds sway over certain aspects of foreign policy.

But to me, it reveals something else. I find a certain parallel between the course of Soviet domestic *perestroika* and new thinking in Soviet foreign policy. Domestically, as Gorbachev has sought to turn theory into practice, his program has altered and evolved. And just as the Soviets have come face-to-face with domestic dilemmas that must now be resolved if progress is to be made, so they will come face-to-face with the need for further change in their foreign policy.

Domestically we can have but small direct impact on how the Soviets resolve their dilemmas. But in foreign and defense policies, through a prudent search for points of mutual advantage, we can more readily shape and alter the calculus so that the Soviets face up to the contradictions between the new thinking and old habits. In arms control, the Kremlin has made some politically difficult choices and in some areas selected the path of mutual progress. Now we must also shape the Soviet calculus so that Moscow chooses the path of progress in regional conflicts.

In the course of our search for mutual advantage, we must not succumb to a false optimism that *perestroika* in Soviet foreign policy has gone far enough and that we can rely on the new thinking to take account of our interests.

It would be an equally great blunder to ignore the possibility that *perestroika* might go much further and to retreat instead into a suspicious stance of disengagement that would never put *perestroika*'s promise to the test. Either approach would sacrifice the great opportunity before us.

Thus our mission must be to press the search for mutual advantage. Where we find Soviet agreement, we'll both be better off. Where we meet Soviet resistance, we'll know that we have to redouble our efforts so that Moscow practices, not just preaches, the new thinking. By acting realistically to engage Moscow in the search for mutual interests, we can seize the opportunities inherent in Gorbachev's revolution. By standing pat, we would gain nothing and lose this chance to revolutionize East-West relations.

In practice, our search to find mutual advantage has focused on resolving political conflicts, both in Europe and in the Third World; on reducing the risk of war through arms control; and on promoting internal Soviet change. Progress in these areas will serve Soviet and American interests in their broadest sense, both by relieving tensions and by releasing resources for the work of peace.

Our first search for mutual advantage must concern the most important and vital flash point of the cold war—the division of Europe. President Bush has stated our purpose to see a Europe that is whole and free, and our allies in NATO have agreed on a comprehensive program to attain that goal. Part of that program is an accelerated timetable for an agreement on conventional force reductions in Europe that would correct existing asymmetries and reduce the risks of surprise attack. Such an agreement would make not only for a more secure deterrent but would also promote greater military openness, which will strengthen mutual confidence and reduce the chances of misunderstanding and miscalculation.

Even more importantly, an agreement on conventional armed forces in Europe (CFE) could redraw the European security map, severely inhibiting Soviet military intimidation not only of Western Europe but of Eastern Europe too. Soviet occupation forces in Eastern Europe would have to be cut to less than half the levels they had at the beginning of this year.

CFE would also help *perestroika* in the Soviet Union. Moscow can save billions on conventional forces by agreeing to a CFE agreement. If Gorbachev is serious about converting guns into butter, then CFE is the surest path to big savings.

Above all, an agreement would demonstrate clearly to the world that East and West could dispel the political and military legacies of the cold war.

A whole and free Europe, however, is more than arms control or arms reduction. The Helsinki agreement provides for common measures on human rights to prevail in Europe.

Both we and the Soviet Union are challenged to deal with change in the countries behind the now-rusting Iron Curtain. Because they each followed the same ill-suited Stalinist models, each of them has been afflicted in varying degrees with the same ailments that provoked *perestroika* in the Soviet Union. These nations, however, cannot be treated as a single case. Some of them—notably Hungary and Poland—have begun to take bold steps away from the economic and even the political systems they have known.

In East Germany, the people themselves are taking bold steps. As I said last week, it is time for *perestroika* and *glasnost* to come to East Germany. The status quo is as unacceptable to the people of that nation as it is to the peoples of Poland and Hungary. The people of East Germany cannot be forever denied at home the better life they now seek by fleeing to the West. Of course the United States and our NATO partners have long supported the reconciliation of the German people. Their legitimate rights must some day be met. But let me be clear—reconciliation through self-determination can *only* be achieved in peace and freedom. Normalization must occur on the basis of Western values with the end result being a people integrated into the community of democratic European nations.

We have made clear our view that Europe can never be whole or free if the so-called Brezhnev doctrine justifying Soviet military intervention against its Warsaw Pact allies continues to be a principle of Soviet foreign policy. Without explicitly renouncing that doctrine, President Gorbachev and Foreign Minister Shevardnadze have declared that the use of force to determine the political systems of other countries is impermissible. They have said that each state should be able to choose its own course. My only change in that formula would be to say that *the people* of each state should be able to choose *their* own course.

We have seen in Poland the election of a non-Communist prime minister to lead a coalition, including the Communist Party, as that country seeks a way out of its legacy of disastrous economic mismanagement. This is a remarkable development which gives us hope. Political institutions truly responsible to the people are the only guarantee of long-term stability. We hope this model of change will be followed elsewhere in the region.

We seek to encourage reform so that these countries may once again regain their rightful place as independent nations, working within a European framework to make social and economic progress. As with *perestroika* in the Soviet Union, the essential decisions must be taken by those nations themselves. Building upon these decisions, we and our allies in Western Europe can offer help at three stages.

—In the short term, we can offer aid, especially food, that can help to alleviate the immediate crisis.

—Over the medium term, working through the International Monetary Fund (IMF) and other multilateral financial institutions, we can put together packages that combine monetary stabilization, structural reform, and effective debt management.

—Over the long term, we can encourage and stimulate the creation of a private sector and conditions to attract private capital for the reconstruction of these economies.

None of this will be easy. The margins for error after years of compounded blunders are very thin. That is why we dare not repeat our earlier mistakes of the 1970s. Our assistance must be carefully targeted, integrated with effective reforms by the countries themselves, and supported by the international community. That is why the President, after visiting Poland and Hungary this summer, asked for and received the cooperation of our European allies in devising such a program. Such a program is now taking shape in cooperation with our Western partners. The United States must continue to be the catalyst to make it work.

A final comment on political change in Eastern Europe: as I have noted, we favor a process that gives these countries their right to self-determination and freedom. President Bush has made clear that it is not our purpose to exploit the movement toward freedom in order to harm the security of the Soviet Union. No one—I repeat, no one—will benefit if the entire trend toward beneficial economic and political changes are engulfed in violence.

But all will benefit if the reforms succeed in Eastern Europe. The people of Eastern Europe will benefit as their Stalinist shackles are lifted. Western Europeans will benefit as their continent is made whole again. Gorbachev and the reformers will benefit as examples flourish in Eastern Europe of the power of reform. And we will benefit as we move beyond the cold war.

A second major point where we must search for mutual advantage with the Soviets concerns regional conflicts. Each of these bears, to some degree, the potential for becoming the scene of superpower rivalry and tension. With the spread of missiles and chemical weapons throughout volatile regions, conflicts in the Third World are likely to take on a more dangerous character. Regional conflicts are likely to be more difficult to contain, more likely to engulf more countries, and more susceptible to escalation.

Neither the United States nor a Soviet Union in the midst of *perestroika* has an interest in being drawn into such conflicts. As President Gorbachev said recently, "We now need, perhaps more than ever before, favorable external conditions so that we can cope with the revolutionary and broad task toward renewing Soviet society." Resolution of conflicts in Central America, Afghanistan, Cambodia, and Africa would surely spare the Soviets the billions they spend each year on supporting client states. This is an area where the Soviets can help themselves. And we have made it clear that we are ready and willing partners, partners who recognize that settling and defusing regional tensions can diminish the dangers we all face.

Arms control is the third area where we are seeking points of mutual advantage with Moscow. In our various efforts, we can work with the Soviets to lower the risk of war and the cost of preventing it. Our arms control efforts have focused on reducing the risk of war by lowering the incentives for surprise attack, not arms reductions in and of themselves. To this end, we have focused in CFE on those weapons—tanks, artillery, and armored personnel carriers—most suited to launching and sustaining invasions. In START, we've placed a premium on reducing weapons most suited to a first-strike—such as the Soviet SS–18s—while encouraging those which are more stabilizing and less useful for striking first, for example, bombers. We've moved off our ban on mobile missiles, contingent on congressional funding, because mobile missiles, if effectively verified, increase survivability and enhance stability.

We have also attempted to foster greater openness between East and West to provide greater reassurances about intentions and capabilities and to reduce misperceptions. To that end, the President announced his "open skies" initiative which has been received positively by the Soviets.

In pursuing these arms control objectives, this administration has sought to learn from its predecessors. We have kept our eye firmly on the ball, working to bring home treaties which the Senate will ratify and which will verifiably lock in new U.S.-Soviet security relations. This emphasis on realistic, verifiable agreements[48] was the impetus behind our verification and stability measures in START and our data exchange with the Soviets on chemical weapons—both of which the Soviets agreed to in Wyoming.

We also took realistic steps there to begin U.S.-Soviet cooperation geared toward controlling growing threats not just in the East-West arena but to global security as well. The chemical weapons initiative announced by the President at the United Nations will produce massive reductions in Soviet and U.S. stockpiles at an accelerated pace.

While our primary focus is on those points of mutual advantage that we can find in these three areas—Europe, regional conflicts, and arms control—we are also seeking a fourth area: the strengthening of *glasnost* and democratization. Through our exchanges, we are actively encouraging the growth of pluralistic institutions and practices in the Soviet Union. We believe the emphasis on the rule of law in the writings of the reformers is a positive step. We are encouraging the Soviets to make permanent in their legal code and practice the protection of individual rights to which they subscribed in the Helsinki accord.

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[48] Baker outlined the prerequisites and principles for arms control agreements with the Soviet Union on October 23; see Document 27.

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Through our transnational dialog, we also hope to involve the Soviets on those global issues, especially the environment, where Soviet practice in the past has not lived up to international standards. Foreign Minister Shevardnadze showed great interest in Wyoming about these transnational problems, particularly global warming, and I believe greater U.S.-Soviet cooperation can pave the way for more effective international action.

Finally, we have begun to explore a fifth area of potential mutual advantage. This last area relates to *perestroika*'s internal aspects. We are prepared to provide technical assistance in certain areas of Soviet economic reform. The Soviets are entering uncharted waters, experimenting with markets, competitive enterprises, and realistic pricing, all of which we take for granted. In Wyoming Foreign Minister Shevardnadze and I had extensive discussions on the kinds of steps that would facilitate price reform, a necessary step toward ruble convertibility. The Soviet leadership is clearly interested in our ideas about their economic reforms, and we will continue our discussions on these issues.

These areas offer fertile ground in which to find points of mutual advantage. *Perestroika*, after all, means for the Soviet Union a new way of conducting their political, economic, and legal affairs—a new set of standards, if you will.

We do neither of us any good if we relax our own standards in the name of helping reform. That's why we've told the Soviets to codify the changes we're seeing in their emigration practice so that we can waive the Jackson–Vanik amendment as we've promised. That's why today we see discussions about Soviet membership in GATT or the other international financial institutions as premature. That is also why our approach to trade, based on previous experience both with the U.S.S.R. and other countries, must be on a commercial basis. Mutually beneficial, nonstrategic commercial exchanges are the best way to expand Soviet participation in the international economy.

Let me sum it all up. We want *perestroika* to succeed at home and abroad because we believe that it will bring about a less aggressive Soviet Union, restrained in the use of force, and less hostile to democracy. A *perestroika* that resulted simply in a more efficient and more capable Soviet state would, indeed, be a more formidable and dangerous competitor.

But I do not believe that *perestroika* can succeed without increasing measures of free markets, free speech, and institutions, more accountable to the people—in short, without more freedom! And that means a more democratic society, more respectful of human rights and legal norms which could provide a lasting foundation for more constructive, less dangerous Soviet behavior abroad; a society that produces not subjects who are to be acted upon but citizens who participate in the policy process; and a society where citizens have a say in what their government does at home and abroad. In such a Soviet Union, the people and the government will agree that, as Foreign Minister Shevardnadze has said, "a foreign policy that is not open and explained to the people and does not gain their support is impossible." That government is far more likely to establish as its measure of success internal progress rather than external expansion.

That is why a prudent policy of search for mutual advantages between the United States and the Soviet Union is worth our serious and substantial effort. It is the best way to find out whether the promise of *perestroika* in foreign policy can be fulfilled.

Let me conclude this review of *perestroika* and American foreign policy by reiterating my convictions that, indeed, we do have a historic opportunity to make lasting improvements in U.S.-Soviet relations. It is an opportunity produced by actions on both sides. And, as President Bush has stated, "Our aspiration is a real peace, a peace of shared optimism, not a peace of armed camps."

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And what could that aspiration, that shared optimism, really mean? Nothing less than an end to the dangerous East-West stalemate which has disfigured postwar international politics. It could mean a new U.S.-Soviet relationship, which replaces competition where possible with a creative and cooperative approach to international problems. A new relationship that would be sustained not by rhetoric or pious hope but by the reality of a Europe, free, whole, and at peace with itself. A new relationship where the reality of regional conflicts would be resolved at last so that the promise of development can be fulfilled. A new relationship that would produce a sustainable arms control process that provided more security through enhanced stability and greater openness at lower cost. And a new relationship, above all else, that would lead to the fulfillment of those human rights which are the birthright of all mankind.

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187. Editorial Note

On December 2, President Bush and Soviet Chairman Gorbachev met in Marsaxlokk Bay, Malta, for a shipboard meeting. President Bush operated from the cruiser U.S.S. *Belknap* and Chairman Gorbachev operated from the Soviet cruiser *Slava*. Heavy winds and high seas affected plans for meetings aboard the two ships and, as a result, the meetings that day were shifted to the Soviet cruise liner *Maxim Gorky* at anchor in the harbor at Malta. President Bush and Chairman Gorbachev spent 5 hours together on the *Gorky*, from 10:05 a.m. until 3 p.m. Due to continuing high winds and rough seas, concluding talks between the two on December 3 also took place on the *Gorky*.

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188. Potential To Develop Common Opportunities

Press Conference by President Bush and Chairman Gorbachev, Malta, December 3, 1989[49]

The President. Ladies and gentlemen, President Gorbachev has graciously suggested I go first. And I don't think anyone can say that the saltwater get-together was anything other than adventure—at least out in the harbor here.

First, I want to thank Prime Minister Adami and the people of Malta and others for their warm and gracious hospitality. I want to thank the captain and crew of *Belknap* for the great support that they have given us. I think they were wondering if I was about to become a permanent guest. And a special thanks to the captain and crew of *Gorky* for their hospitality, and also thanks to the captain and crew of *Slava*, who have been so hospitable to many on the American side.

I first approached Chairman Gorbachev about an informal meeting of this kind after my trip to Europe last July. Amazing changes that I witnessed in Poland and in Hungary—hopefully changes—led me to believe that it was time to sit down with Chairman Gorbachev face to face to see what he and I could do to seize the opportunities before us to move this relationship forward. He agreed with that concept of a meeting, and so, we got rapid agreement. And I think that the extraordinary developments in Europe since the time that the meeting was proposed only reinforce the importance of our getting together.

And so, I'm especially glad we had this meeting. And we did gain a deeper understanding of each other's views. We set the stage for progress across a broad range of issues. And while it is not for the United States and the Soviet Union to design the future for Europeans or for any other people, I am convinced that a cooperative U.S.-Soviet relationship can, indeed, make the future safer and brighter. And there is virtually no problem in the world, and certainly no problem in Europe, that improvement in the U.S.-Soviet relationship will not help to ameliorate. A better U.S.-Soviet relationship is to be valued in and of itself, but it also should be an instrument of positive change for the world.

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[49] Source: *Weekly Compilation of Presidential Documents*, December 11, 1989, pp. 1869–1871. These opening statements were made aboard the Soviet passenger liner *Maxim Gorky* at a question-and-answer session which began at 1:20 p.m. Chairman Gorbachev spoke in Russian and his remarks were translated by an interpreter.

For 40 years, the Western alliance has stood together in the cause of freedom. And now, with reform underway in the Soviet Union, we stand at the threshold of a brand new era of U.S.-Soviet relations. And it is within our grasp to contribute, each in our own way, to overcoming the division of Europe and ending the military confrontation there. We've got to do more to ameliorate the violence and suffering that afflicts so many regions in the world and to remove common threats to our future: the deterioration of the environment; the spread of nuclear and chemical weapons, ballistic missile technology; the narcotics trade. And our discussions here will give greater impetus to make real progress in these areas.

There's also a great potential to develop common opportunities. For example, the Soviet Union now seeks greater engagement with the international market economy, a step that certainly I'm prepared to encourage in every way I can.

As I leave Malta for Brussels and a meeting with our NATO allies, I am optimistic that as the West works patiently together and increasingly cooperates with the Soviet Union, we can realize a lasting peace and transform the East-West relationship to one of enduring cooperation. And that is a future that's worthy of our peoples. And that's the future that I want to help in creating. And that's the future that Chairman Gorbachev and I began right here in Malta.

Thank you, sir, for your hospitality.

THE CHAIRMAN. Ladies and gentlemen, comrades, there are many symbolic things about this meeting and one of them—it has never been in the history that the leaders of our two countries hold a joint press conference. This is also an important symbol. I share the view voiced by President Bush that we are satisfied, in general, with the results of the meeting.

We regard this informal meeting—the idea of it was an informal meeting, and the idea belongs to President Bush. And I supported it—that we would have this informal meeting without restricting it to any formal agenda, to have a free exchange of views—because the time makes great demands to our countries, and this increases the responsibility and the role of our two countries. And I can assure you that in all our discussions—and our discussions lasted for 8 hours, in general—this responsibility on both sides was present.

Our meeting was characterized by openness, by a full scope of the exchange of views. Today it is even difficult, and perhaps there is no sense, to explain the entire range of issues that we have discussed. I wish to say right away, nevertheless, that on all the major issues we attempted in a frank manner, using each side's arguments, to explain our own positions, both with regard to the assessment of the situation and the current changes in the world and Europe and as it regards disarmament issues. We addressed the Geneva negotiating process, the Vienna process, and also negotiations on the elaboration of the convention on chemical weapons ban. All those questions were considered thoroughly.

The President and I myself also felt it necessary to exchange views on our perception, both from Moscow and Washington, of the hot points on our planet. And this exchange of views was very significant and thorough. We reaffirmed our former positions that all those acute issues must be resolved by political methods, and I consider that this was a very important statement of fact.

We not only discussed problems and explained our positions. I think that both sides had many elements which, if they are taken into account in our future activities—activities of both governments—then we can count on progress. This concerns the subject of the reduction of strategic offensive arms by 50 percent, and we have an optimistic assessment of the possibility to move even next year to the conclusion of the Vienna treaty. We both are in favor, and this is our position—naturally, we can be responsible only for our position—we are in favor of signing this document at the summit meeting.

This time we discussed much bilateral relations; and I, on my part, would like to note many positive elements and points which were contained in statements and words by President Bush. Thus, I would say that in all directions of the political dialog of our discussion, including bilateral relations, we not only confirmed the consistency of our political course, the continuity of our political course—and I should say it—although we had an informal meeting, we met only for the first time with President Bush in his capacity, and the confirmation of the continuity of the course is an important element. What is also important is that during this informal meeting, we have laid the foundation for increasing this capital. And I believe that, in the first place, it serves the interests of both our countries and also the interests of the entire world community.

Well, we have made our contact, a good contact. The atmosphere was friendly, straightforward, open; and this enabled us to make good work. In our position, the most dangerous thing is to exaggerate. And it is always that we should preserve elements of cautiousness, and I use the favorite word by President Bush. [Laughter] Our world and our relations are at a crucial juncture. We should be highly responsible to face up to the challenges of today's world. And the leaders of our two countries cannot act as a fire brigade, although fire brigades are very useful. We have to keep it in mind also. This element was also present.

I would like once again to thank the President for the idea of holding this meeting with which we are satisfied, I hope. And I would like to thank the people and the Government of Malta and to express the words of appreciation and gratitude for the hospitality. Thank you, Mr. President, for your cooperation.

THE PRESIDENT. Thank you.

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189. President Bush's Initiatives During the Malta Summit

Fact Sheet Issued by the White House, December 4, 1989[50]

The President and Chairman Gorbachev exchanged views on a variety of issues during their meetings in Malta, including the remarkable events leading to peaceful and democratic change in eastern and central Europe.

The President noted his strong support for *perestroika* and suggested that the two leaders work to give major new impetus to the U.S.-Soviet relationship. The President conveyed his strong personal commitment to this goal.

In this spirit, the President put forward the following ideas:

Next Steps

1. Holding the summit in the United States during the last 2 weeks in June.

2. Having the next meeting of Foreign Ministers next month in the Soviet Union to prepare for the summit.

Economics and Commercial Relations

1. Targeting the 1990 summit for completion of a trade agreement granting most-favored-nation status to the Soviet Union so that the President can grant a Jackson–Vanik waiver at that time. To reach that goal, the President proposed beginning negotiations on a trade agreement now and urged the Supreme Soviet to complete action on its emigration legislation early next year.

2. Supporting observer status for the Soviet Union in GATT after the Uruguay round is completed next year. The President urged the Soviet Union to use the intervening time to move toward market prices at the wholesale level so its economy will become more compatible with the GATT system.

3. Expanding U.S.-Soviet technical economic cooperation. The President presented a paper proposing specific economic projects covering topics such as finance, agriculture, statistics, small business development, budgetary and tax policy, a stock exchange, and antimonopoly policy.

4. Exploring with Congress the lifting of statutory restrictions on export credits and guarantees after a Jackson–Vanik waiver.

5. Beginning discussions of a bilateral investment treaty that would provide protections for American business people who want to invest in the Soviet Union.

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[50] Source: *Weekly Compilation of Presidential Documents*, December 11, 1989, pp. 1886–1887.

6. Improving ties between the Soviets and the OECD, and East-West economic cooperation through the economic basket of the CSCE process.

Human Rights

Resolving all divided family issues by the time of the 1990 summit. In this regard, the President handed over a list of people wishing to emigrate.

Regional Issues

Expressed disappointment with Soviet policy on Central America, noting it was out of step with the new Soviet direction domestically in Eastern Europe and in arms control. Nicaragua/Cuba remains the single most disruptive factor in the relationship.

Arms Control

1. Speeding achievement of a chemical weapons ban by offering to end U.S. production of binary weapons when the multilateral convention on chemical weapons enters into force in return for Soviet acceptance of the terms of our U.N. proposal to ban chemical weapons.

2. Proposing to sign an agreement at the 1990 summit to destroy U.S. and Soviet chemical weapons down to 20 percent of the current U.S. level.

3. Suggesting joint U.S.-Soviet support for a CFE summit to sign a CFE treaty in 1990.

4. Accelerating the START process in order to resolve all substantive issues and to conclude a treaty, if possible, by the 1990 summit. To this end, the President suggested that Secretary Baker and Foreign Minister Shevardnadze concentrate on resolving at their January meeting three of the outstanding START issues: ALCM's, nondeployed missiles, and telemetry encryption.

5. Completing work on the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty for signature at the 1990 summit.

6. Proposing that the Soviet Union join efforts to constrain missile proliferation more effectively by observing the limits developed by the U.S. and its allies in the Missile Technology Control Regime.

Military Openness

Making public more information on military programs. The President suggested that the Soviet Union make public the details of its military budget, force posture, and weapons production figures, just as the United States now does.

Olympics

Suggesting joint U.S.-Soviet support for Berlin as the site of the 2004 Olympic Games.

Environment

1. Hosting a conference next fall to negotiate a framework treaty on global climate change, after the working groups of the U.N.-sponsored Intergovernmental Panel on Climate Change submit their final report.

2. Convening an international meeting at the White House next spring for top level scientific, environmental, and economic officials to discuss global climate change issues. The President expressed hope that the Soviets will join us by sending their top officials in the field.

Student Exchanges

Increasing significantly university exchanges so that an additional 1,000 American and 1,000 Soviet college students are studying in each other's country by the beginning of the 1991 school year.

Document 189

L. Spain

190. "Spain Today Is Living a Renaissance of Liberty"

Statement by President Bush, October 19, 1989[1]

It is a pleasure to have Prime Minister González and the Spanish Delegation as our guests in the United States. Our discussions at the NATO summit in May were an excellent start to a dialog that we've continued in Washington. As before, our talks have been friendly; they have been constructive and another sign that our bilateral relations, our partnership, if you will, is healthy and growing stronger.

We discussed extensively the ways in which the West can best support the historic reforms transforming Eastern Europe, especially in Poland and Hungary, and our hope that these reforms will lead to a Europe whole and free. I informed Prime Minister González of the steps that the United States has taken to support this economic reform and democratic change in Poland and Hungary. And I told him about my request that Congress approve $200 million in economic stabilization grants to assist Poland in implementing its bold, new reform program—the U.S. contribution to Poland's $1 billion request.[2] And I hope that all of the major industrialized democracies will also contribute to this request. I also explained that the United States will soon be extending the most-favored-nation status to Hungary on a continuing basis, making it the first Eastern European nation to ever receive such treatment. This will strongly encourage trade and investment in Hungary.

Prime Minister González and I agreed that the futures of Poland and Hungary depend on sustained Western action, coordinated with the IMF and the World Bank as part of a long-term economic recovery program. We discussed the important progress made by the 24-nation group for economic assistance to Poland and Hungary, which has already met 3 times under the chairmanship of the EC Commission and has encouraged the commitment of hundreds of millions of dollars in new assistance to both countries. We also agreed that Spain's successful transition to this strong and flourishing democracy makes it a powerful model for Eastern European countries now attempting similar transformations.

We also reviewed ways in which we can help sustain the growth of democracy in Latin America, an area of traditional concern to both our nations, an area where our distinguished guest today has enormous respect.

And we exchanged views on the serious international challenge the drug menace presents to consumer and producer nations alike. And we agreed on the need to give President Barco and the brave people of Colombia our full backing in their struggle against the narco terrorists.

Our talks also included progress in arms control negotiations, while underscoring the need to keep our mutual NATO defenses strong.

Throughout our discussions, there was a shared belief that Spain is emerging with a new vitality not just in Europe but in the entire world scene. In supporting democratic change in Eastern Europe, Latin America, and elsewhere, I am convinced that Spain can play a unique role; for Spain provides that world with a very special example.

Prime Minister González, you have said that your nation is both a very old country and a very young country, an authoritarian government reborn as a constitutional democracy, a sheltered state-dominated economy now reoriented to the market and prospering. So, it's no exaggeration to say that Spain today is living a renaissance of liberty, prosperity, and culture. And it now seems that the role of Spain as the mother of so many nations provides a model of political and economic reform, a move away from the dead hand of state control toward greater freedom and opportunity and advancement.

Mr. Prime Minister, I commend you for your idealism, and I value your partnership. So, thank you for your visit to these shores. I hope the rest of your visit goes well and that you have a very safe visit back to Spain.

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[1] Source: *Weekly Compilation of Presidential Documents*, October 23, 1989, pp. 1573–1575. The President spoke at 12:24 p.m. in the East Room of the White House following discussions with Prime Minister Felipe González Marquez. The Prime Minister spoke in Spanish and his remarks were translated by an interpreter.

[2] See Document 150.

Welcome, hail, and farewell.

M. Turkey

191. "Agenda Setting Review of the Relationship"

Department of State Press Briefing, February 14, 1989 (Extract)[1]

This is an on-background briefing of the meetings between the Secretary and Foreign Minister Yilmaz and the Secretary and Prime Minister Ozal. Both meetings were characterized by a cordial and friendly atmosphere and together they constitute an agenda-setting review of the relationship. The topics were somewhat divided between the two meetings. The Foreign Minister addressed himself to NATO and the East-West relationship, touching as well, of course, on the questions of human rights in the East and, in particular, the Turkish minority in Bulgaria. The bilateral questions that were touched upon by the Foreign Minister were the security assistance between our two countries, the Armenian resolution, and economic cooperation.

With the Prime Minister there was an expansion of the discussion of the economic topics: The trade, Cyprus, the Greek-Turkish dialog, and in particular what's called the Davos process. The shared view with respect to NATO and the East-West relationship was of an alliance that has maintained its vitality, its cohesion and its principles. And I think again it would be a shared view that our ideas and our initiatives are winning, and that, as the Secretary noted, on the occasion of a new President taking office we have a chance to take head on the task of communicating our conclusion that the substance is moving in our direction, is moving in the direction the alliance has wanted and we're soliciting ideas on how to better communicate this success the alliance has had with respect to its agenda. Concerning security assistance, of course, where we have a very large relationship, we reported on where we are in that relationship with, for example, our FY 1989 program is larger than our FY 1988 program by some 7 percent and the FY 1990 program is even higher. Figures are $560 million for FY 1989 and $610 million for FY 1990. So that was a very good and welcome picture.

The Turkish side also expressed its support for the arms control priorities of the alliance—all START and chemical weapons and on the conventional side. One of the interesting things mentioned by the Prime Minister was an increase in tourism revenues in Turkey and the number of visitors that are increasing, for example, from Eastern Europe. On the Davos process, there is just a confirmation that it continues, and on Cyprus, the Turkish side shared with us a review of the history of the issue in Cyprus. And that's pretty much the agenda. I might, on the trade question, because both the Foreign Minister and the Prime Minister underlined what Turkey has always said that Turkey seeks trade—not aid—in the relationship, and we were able to note that for example in a 4-year period, that Turkish exports to the United States have grown significantly from around $250 million to $897 million, and our own exports to Turkey have doubled. So that they are now about $1.5 billion. So as a general review of the relationship (it was) very precise and, as I said, the Prime Minister spent quite a bit of time describing the current economic picture in Turkey, which is positive.

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[1] Source: Telegram 3336 from the Embassy in Rome, February 16 1989. Department of State files. Secretary Baker visited Ankara for talks with Prime Minister Ozal and Foreign Minister Yilmaz on February 14 while on his trip to NATO capitals February 11–17. This briefing was conducted on background by a senior U.S. official en route from Ankara to Athens. Following this statement, the official answered questions from reporters.

192. Adverse Impact of U.S. Sanctions Against Turkey

Statement by Secretary of State Baker, April 18, 1989[2]

Q. In your view, what effect would U.S. economic and military sanctions against Turkey have on the intercommunal talks at this time?

A. Imposition of U.S. sanctions against Turkey would surely have a strongly adverse impact on prospects for intercommunal talks. Moreover, sanctions would be highly detrimental to our NATO interests and our overall bilateral relations with Turkey.

As regards the talks, the Government of Turkey has been very supportive of the U.N. Secretary-General's efforts to resume and sustain the negotiating process between the two Cypriot parties. Turkish encouragement has been a key factor in the Turkish Cypriot community leadership's continuing participation in the talks. Sanctions against Turkey, tied to the Cyprus dispute and coming at a time when Turkey is strongly backing the U.N.-sponsored talks, would be incomprehensible to the Turkish Government and would severely damage the underlying foundation for continued Turkish assistance to the U.N. Secretary-General's efforts.

It also is clear that sanctions against Turkey would harm Turkey's ability to maintain critical NATO-dedicated forces. The Turkish economy would suffer badly and our bilateral relationship would be dealt a blow from which recovery would be difficult, if not impossible. We learned from the embargo placed on Turkey from 1975–78 that such pressure will not achieve its stated aim of solving the Cyprus dispute through coercion. The Cyprus problem can only be resolved through direct negotiations between the two Cypriot parties and not through misdirected blows to the head of a key ally.

In sum, our experience from the mid-1970's demonstrates that sanctions would do much harm and no good.

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193. Turkish Sanctions in Response to the Armenian Genocide Resolution

Daily Press Briefing by the Department of State Spokesman (Tutwiler), October 26, 1989 (Extracts)[3]

. . . .

Q. Margaret do you have any reaction to the Turks cutting, or imposing sanctions on U.S. forces in Turkey yesterday as a result of the genocide resolution?

A. Yes, I do. Turkey has informed us that it has imposed a limited number of interim measures affecting U.S. activities in the common defense in Turkey. We regret Turkey's action and urge its suspension. We are in touch with the Turkish Government about this matter.

I also would like to note that Turkey took these actions following the Senate Judiciary Committee's vote on the Armenian resolution.[4] And if you want a list of what these actions are, I have that.

Q. Sure.

A. Sure? A halt to port visits, suspension of meetings on military cooperation, restrictions on modernization projects at U.S. military facilities in Turkey, and a halt to U.S. use of training facilities at Kony.

. . . .

Q. And that the United States considers this to be a limited—

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[2] Source: *Foreign Assistance and State Department Authorization Bills: Hearing Before the Committee on Foreign Relations, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), p. 79. This statement was a written answer submitted in response to a followup question asked by Senator Joseph R. Biden, Jr., after Baker's testimony that day.

[3] Source: Office of Press Relations, Department of State. The briefing began at 12:14 p.m.

[4] The Senate Judiciary Committee adopted a resolution to establish the Armenian Genocide Commemoration Day.

A. A limited number of interim measures which we hope and urge that they will suspend.

. . . .

N. United Kingdom

194. "Agreed On Need for European Stability"

Statement by the President's Press Secretary (Fitzwater), November 24, 1989 (Extract)[1]

President Bush and Prime Minister Thatcher met for approximately 4½ hours today at Camp David, discussing a broad range of issues related to East-West relations and European stability. They had frank and substantive discussions in the relaxed atmosphere of the camp.

President Bush summarized plans for the Malta meeting,[2] and the two leaders discussed a number of possible subjects to be considered in that meeting. A primary focus was on Eastern Europe. The President and the Prime Minister discussed reforms underway in the Soviet Union and agreed on support for *glasnost* and *perestroika*. They both emphasized pursuit of democracy as a first step in the reform process. The two leaders agreed on the need for European stability as NATO faces the changes in Eastern Europe.

The Prime Minister spoke of her commitment of the common market and emphasized her vision of a free and open trading system in Europe. President Bush agreed with her view of a European future that avoids protectionism. The Prime Minister briefed President Bush on the recent Paris summit of European Community leaders, in which it was agreed that all countries should promote democracy as a part of the Eastern European reform process.

The two leaders discussed a number of regional issues, including the Middle East peace process, recent events in Lebanon, China, Cambodia, Central America, Afghanistan, and others.

The two leaders were in very close accord in their examination of all the issues discussed today.

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195. Consultations With British Leaders

Press Briefing by Secretary of State Baker, December 11, 1989 (Extract)[3]

Q. Mr. Secretary, obviously we added London to the itinerary later this week. Can you tell us, what were Mrs. Thatcher's concerns and what did you say to her to alleviate those concerns?

SECRETARY BAKER. First of all, let me say I've just read a story in the London press that this airplane was ordered to London at the last minute. I want to make sure everybody understands that's not correct. I determined a couple of days ago—or maybe 3 or 4 days ago—that we ought to make this trip. In part because there is a special relationship between the United States and the United Kingdom that has been called into question, to reaffirm that and reconfirm that.

I also had the opportunity to have the first full meeting that I've had with the new British Foreign Secretary, Douglas Hurd. Both in the hour and a half meeting with him and in 50-minute or 45-minute meeting with Mrs. Thatcher, we covered a whole host of areas, with particular reference to the changes that are taking place in Europe, with reference to the question, of course, of German unification, with reference to the speech that I am going to deliver tomorrow in Berlin.[4]

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[1] Source: *Weekly Compilation of Presidential Documents*, November 27, 1989, pp. 1828–1829. Prime Minister Thatcher's meeting with President Bush at Camp David ended at approximately 2:30 p.m.

[2] See Documents 187–189.

[3] Source: Department of State files. Secretary Baker gave this briefing en route from London to Berlin on his February 11–16 trip to London, Berlin, Bonn, Brussels, and St. Martin. Baker talked with Prime Minister Thatcher and other British officials on his visit to London December 11.

[4] See Document 126.

This trip gave me an opportunity to brief both of them on that speech which will deal with the burst of freedom that we are seeing taking place in Eastern Europe and with some of our ideas about the architecture that should be crafted to deal with that and some ideas about the relationship of the United States to the change to [*in?*] Europe.

Q. Do you feel that the differences that she[5] had to the EC integration, for instance, were they resolved, were they left on the table? Where did all that stand?

A. I don't think the differences were as real as they were portrayed in the British press in the immediate aftermath of the meeting in Brussels. The British, of course, the United Kingdom, Mrs. Thatcher, support integration. They simply do not support the social compact, the social charter and monetary integration or total monetary union.

The United States is not a member of the EC and we don't take a position with respect to the social charter or social compact or monetary integration. It is nevertheless true that we favor integration of the European Community and so do the members of the EC who have signed agreements to that affect. We think that the European Community will play an important role in the future Europe. In part, it will serve to anchor Germany to the West, it will also serve as a magnet to attract countries of Eastern Europe to the West. Mrs. Thatcher, of course, will speak for herself on these issues, but I found that both she and the Foreign Secretary were in basic agreement with us on that.

Let me say one final thing. I think it was use of the word "intensified" in the President's remarks at Brussels that caused some concern.[6] That word won't appear in my speech tomorrow.

That really doesn't change, however, the basic support that we have for European integration or the support, for that matter, that the United Kingdom has for it, in the context of the agreements that have been signed.

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196. Reaction to Forced Repatriation of Vietnamese Refugees From Hong Kong

Daily Press Briefing by the Department of State Acting Spokesman (Boucher), December 12, 1989 (Extract)[7]

. . . .

Q. Is there a reaction to the enforced repatriation of the 51 Vietnamese by the Hong Kong authorities?

A. Yes. The United States deeply regrets the forcible repatriation of Vietnamese asylum-seekers from Hong Kong to Vietnam. We believe that the British Government should not proceed further with mandatory repatriation from Hong Kong.

We believe that British authorities should continue to grant asylum to all those persons from Vietnam who seek it, in accordance with the Comprehensive Plan of Action adopted in Geneva in June by the United States, the United Kingdom, Vietnam, the ASEAN countries, and others.[8]

While we may have differences with the British on this action, we both agree that conditions inside Vietnam are the root cause of the problem. We hope we can work together to deal with this.

For our part, we continue to press Vietnam to resolve these issues and to work toward a comprehensive settlement of the Cambodia conflict, which would pave the way for a more normal political situation throughout the region. We would like to continue working with the British Government and other Comprehensive Plan of Action signatories to resolve the grave humanitarian problems created by these refugee flows from Vietnam.[9]

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[5] Prime Minister Thatcher.

[6] Regarding President Bush's December 4 speech where he stated: "It's my belief that events of our times call *both* for a continued, perhaps even an intensified, effort of the 12 to intregrate," see Document 125.

[7] Source: Office of Press Relations, Department of State. The briefing began at 12:35 p.m.

[8] For text of Under Secretary Eagleburger's June 13 statement at the International Conference on Indochina Refugees, which adopted the Comprehensive Plan of Action, see Document 287. For text of this plan, see Department of State *Bulletin*, October 1989, pp. 69–70.

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[9] At the December 12 White House Press Briefing, Press Secretary Fitzwater stated:

"We recognize the large numbers of Vietnamese asylum-seekers in Hong Kong has strained their resources. However, we believe that these pressures are best alleviated through the type of concerted international action called for by the International Red Cross. The U.S. position is that involuntary repatriation is unacceptable until conditions improve in Vietnam. And that's the policy behind the 50,000 that we've accepted so far." (Office of the Press Secretary to the President)

At the Department of State Daily Press Briefing, December 13, Acting Spokesman Boucher stated:

"Let me point out that over the past several months we have had numerous discussions at all levels with the British on this issue, and we made our views very clearly known to them. The Secretary did discuss it when he was just in London." (Office of Press Relations, Department of State)

Document 196

Chapter 11. The Middle East

A. Regional Policy

197. Control of Ballistic Missiles and Chemical Weapons

Prepared Statement by the Deputy Assistant Secretaries of State for Near Eastern and South Asian Affairs (Walker and Burleigh), April 19, 1989 (Extract)[1]

. . . .

We also face another urgent challenge in the region—the spread of ballistic missiles and chemical weapons.

This administration has made clear that it is committed to seeking an end to the proliferation of these powerful, destabilizing weapons. Nowhere is this commitment of greater significance than in the Middle East.

The United States and six of its allies agreed in 1987 to establish a Missile Technology Control Regime (MTCR)[2] in order to curb the uncontrolled supply of missile-related technology. The United States has also approached other supplier countries on a bilateral basis to express our strong opposition to the spread of ballistic missiles. We will continue to place this issue high on our agenda with all countries. But the spiraling race to acquire these systems and the rapid expansion of sources for technologically sophisticated missiles and missile technology make clear that supply controls will not, alone, stop proliferation. For that reason, the United States has also sought opportunities to initiate a dialog with several states in the Middle East aimed at exploring ideas for combating the spread of this destabilizing technology through political approaches and regional initiatives.

The proliferation of ballistic missiles in the region is made even more ominous by the spread of chemical weapons (CW). The use of these weapons in the Iran–Iraq War and Libya's attempts to acquire full-scale CW production capability dramatically illustrate the need for concerted and energetic action. Our goal remains a comprehensive, effectively verifiable, and truly global ban on CW. We are working actively in such fora as the Geneva Conference on Disarmament. In the interim, we are confronting the immediate problem of CW proliferation on a number of fronts, focusing particularly on those countries which we believe to be the greatest threat to actually use these weapons.

The United States played a leading role in the 19-member Australia Group, formed in 1985 in response to CW use in the Iran–Iraq War. The group seeks to harmonize export controls on CW precursors through the adoption of core and warning lists.

Within the U.S. Government, the State Department chairs an interagency group that acts to halt specific instances of foreign assistance to CW programs in Iran, Iraq, Libya, and Syria. This group works closely with the intelligence community to assure rapid evaluation of information and equally rapid policy action. It has already intervened successfully in several instances in blocking foreign assistance to CW programs.

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[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 7, pp. 801–804. Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, David R. Obey, presided over the session. For other extracts from this statement, see Documents 221, 226, 240, 245, and 267.

[2] For text of the April 16, 1987, Department of State briefing on MCTR, which was announced earlier that day by the White House, see *American Foreign Policy: Current Documents, 1987*, pp. 74–79. The six countries were: Canada, France, the Federal Republic of Germany, Italy, Japan, and the United Kingdom.

The United States also launched a major diplomatic campaign aimed at ending critical foreign assistance to Libya's CW program. We will continue to strongly pursue this effort in order to ensure that our allies and others remain vigilant to Libya's attempts to acquire full-scale CW capability.

Secretary Baker recently proposed a government-industry conference to consider ways to prevent companies from inadvertently contributing to CW programs.[3] Australia has agreed to host this conference, which should serve to focus world attention on the dangers of CW proliferation.

We are also engaged in a review of our own export controls, to ensure that they are as strong and effective as possible. This includes consideration of controls on the export of technology, equipment, and expertise. This administration is determined to make our own export controls on CW a model for all other countries.

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198. Policy Objectives of U.S. Assistance Programs in the Middle East

Prepared Statement by the Assistant Administrator for Asia and the Near East, Agency for International Development (Adelman), April 19, 1989 (Extract)[4]

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Purposes:

AID's programs for FY 1990 in the Middle East will serve three broad purposes:

—By providing aid to Israel and moderate Arab nations we will support a continuing commitment to achieving peace in the region.

—By providing assistance for economic adjustment and growth in the Middle East, we will strengthen possibilities for economic stability, and in turn political stability and, at the same time, help alleviate poverty and provide market and investment opportunities for U.S. business.

—By providing humanitarian and relief assistance we will reflect our compassion for victims of conflict in the region.

Objectives:

The justification for a Middle East AID program is based on security interests, economic and commercial objectives, and humanitarian concerns.

U.S. NATIONAL SECURITY INTERESTS

AID's programs in the Middle East serve national security objectives of the United States.

—The largest recipients of economic aid, Israel and Egypt, are key players in the peace process. Both are undergoing economic adjustment. It is important for the United States to continue support for Egypt and Israel in FY 1990 at levels of recent years.

—In addition to Israel and Egypt, the United States assists moderate Arab nations which are vital to stability in the Middle East—Jordan, Tunisia, Morocco, and Yemen. These moderate nations provide valuable support for peace in the region. It is essential that the United States continue its support for these countries to help them strengthen their economies and sustain their participation in the peace process.

—The United States also supports modest programs in the West Bank and in Lebanon, where open conflict is a persistent source of instability. AID relief and development programs, managed by private voluntary organizations such as Save the Children, demonstrate continued U.S. concern and provide help for people affected by the current violence.

—Another security issue for the United States is the free movement of international shipping in the Persian Gulf. Much of the free world's oil flows through the Persian Gulf, providing an essential resource to the global economy and ultimately affecting the U.S. economy as well. U.S. access to the Gulf and ability to assure freedom of shipping depends on the cooperation of moderate Arab nations in the Gulf. In this respect, Oman, a recipient of ESF assistance in accordance with the current access agreement, has been and will continue to be particularly helpful.

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[3] See Secretary Baker's address at the opening of the CSBMs and CFE meetings in Vienna on March 6, Document 118.

[4] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 7 pp. 833–840. For another extract from this statement, see Document 246.

U.S ECONOMIC AND COMMERICAL OBJECTIVES

A major objective of the United States is to encourage economic growth and free market-oriented economies. This reinforces the U.S. goal of economic and political stability and can lead to increased trade and investment for U.S. entrepreneurs. In large measure, the challenge in the Middle East is to diversify the region's economies, reducing their dependence both on key commodities, such as oil and phosphates, and on remittances from workers in oil-exporting countries of the Gulf. The Middle East confronts difficult long-term economic problems and, in most cases, sustained growth will depend on strengthening policy frameworks that will open economies to market forces, reduce government regulation and increase the role of the private sector.

The economies in the region also offer potential markets for U.S. products and technology, and opportunities for U.S. investment. Egypt and Israel have initiated reforms that will require billions of dollars of new investment over the next decade. Jordan, Morocco, and Tunisia offer skilled labor forces in light manufacturing and high tech service operations. The Gulf States and Yemen are investing in infrastructure and petrochemical facilities which are of considerable interest to U.S. investors.

Our objective then is to assist the economic policies, institutions, and infrastructure needed for the economic transformation that has begun in those countries and to support the trend toward free market principles. Diversified economic growth is essential to reduce dependence on uncertain oil markets and to provide employment to rapidly growing labor forces.

DEVELOPMENTAL AND HUMANITARIAN OBJECTIVES

While most of the countries in the Middle East have per capita incomes well above the average for Africa and Asia, many of the social indicators demonstrate there is still considerable deprivation in the region. For example, in Yemen, one of the least developed countries in the world, infant mortality rates are among the highest anywhere and only slightly below Ethiopia. In Oman, life expectancy is only 54 years, a rate that falls below the level of Burma. In Egypt, the population growth rate from 1980–86 averaged 2.7%, above both Bangladesh and India. Throughout the region, female educational enrollment ranks below other developing countries and far below enrollment for males. Helping to alleviate poverty through support for economic growth and sustainable services such as health and education is one of our major objectives.

RECENT GROWTH PERFORMANCE IN THE MIDDLE EAST

Economic growth and development throughout the Middle East have obviously been hindered by the political uncertainty in the region, declines in oil production and revenues, and also by inappropriate economic policies and institutions. In recent years, both domestic and foreign investment rates have been low. Demand for labor has fallen off as a result of lower oil prices, conflicts in the region, and low levels of investment.

As a result, all Middle East countries have experienced a significant slowdown in economic growth. While all enjoyed rapid growth of 7% or higher during the late 1970's and early 1980's, growth during the last several years has slowed to between 3 and 4% for Morocco, Tunisia, and Yemen. Economic growth since 1985 has averaged less than 2% for Israel, Egypt, Jordan, and Oman.

Recognizing the seriousness of this slowdown in growth, several countries in the region have taken the first steps toward economic reform. Morocco and Tunisia in particular have made impressive strides in structural adjustment measures, involving better macroeconomic balance and greater reliance on market forces. More recently, Jordan implemented several significant reforms and began serious negotiations with international organizations to restore fiscal stability. Egypt and Israel are also making some progress, but the excessive size of the governmental sectors and pervasive government controls continue to restrict progress. Egypt's reluctance to move more quickly in implementation of economic reforms has slowed its capacity to restore overall economic viability and acceptable economic growth.

AID's Emphases in the 1990's

AID programs during the last few years have focused increasingly on assistance to structural adjustment, and this emphasis is expected to continue in the 1990's. The reasons for this are twofold: (1) peace and political stability will not be accomplished without economic stability in the countries of the region; and (2) it is increasingly evident to the leaders of these countries that state-controlled economies have not worked and that liberalized, market-led economies are needed for growth.

AID has found that it has a role in supporting reform programs by assisting in the process and helping to ameliorate the dislocations caused by it. For example, we can help through policy analyses and discussion, and by providing balance-of-payments support, technical assistance and training, and funds for the infrastructure needed for market economies.

The structural adjustment process can cause hardship over the short term for some parts of the population. For example, rising prices for food and other basic commodities can create problems for the poor. In addition, dismantling of public institutions and parasital companies can result in increased unemployment. In Egypt, Morocco, and Tunisia, governments have mounted "Safety Net" programs using AID's P.L. 480[5] commodities and local currencies generated through program assistance to make food available to those who need it and to fund work programs for the temporarily unemployed.

The struggle to liberalize the economies of the Middle East and North African nations is supplemented in our AID programs by activities to provide basic services such as health, family planning, and education. But even here our assistance activities work toward establishment of sustainable systems which include the private sector and share the cost burden among those who have the ability to pay for services.

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199. The Peace Process in the Persian Gulf

Prepared Statement by the Assistant Secretary of State for Near Eastern and South Asian Affairs (Kelly), July 12, 1989 (Extract)[6]

. . . .

The cease-fire in the Persian Gulf has been in effect now for close to one year. Although Iran and Iraq have not signed a peace treaty to end hostilities, we are pleased that the cease-fire continues to hold. We continue to support U.N. efforts to encourage the two former belligerents to negotiate seriously and to conclude a lasting settlement.

Since I have restated for the record our policy vis-à-vis Iran, let me do the same for our policy toward the rest of the Gulf. The United States recognizes that the Persian Gulf is an area of vital strategic importance. President Bush and this administration are committed to defend our vital interests in the area: the free passage of oil through the Strait of Hormuz and the security of friendly regional states. This commitment is as firm as the commitments of the Reagan and Carter administrations. The Bush administration is similarly determined to defend the principle of freedom of navigation in the Persian Gulf and elsewhere.

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[5] Reference is to the Agricultural Trade Development and Assistance Act, approved July 10, 1954, commonly known as P.L. 480. For text of Title I, as amended, which authorizes the President to arrange for the sale of agricultural commodities to friendly governments in exchange for local currencies, see 7 U.S.C. 1701 *et seq.* For text of Title II, as amended, which authorizes the President to furnish U.S. agricultural commodities to meet emergency food needs outside the United States, see 7 U.S.C. 1721–1726.

[6] Source: *Developments in the Middle East, July 1989: Hearing Before the Subcommittee on Europe and the Middle East of the Committee on Foreign Relations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 9–10. Chairman of the subcommittee, Lee H. Hamilton, presided over the session.

If I may offer a personal observation, as one who was not directly involved in the formulation of our Gulf policy, I think the reason our policy has succeeded over the years is that there has been a bipartisan consensus that the policy meet our vital national interests.

The security of our interests in the Gulf rests on security cooperation with the member nations of the Gulf Cooperation Council, including arms sales. During our escort and other deterrent operations we learned daily the importance of "interoperability" of military equipment. In a variety of ways we found that common equipment, similar training, and like-minded planning greatly enhanced the cooperation and ultimate success of our efforts.

Among the states with which we enjoy this cooperation is Saudi Arabia. We will be pleased to welcome King Fahd on a State visit to the United States July 26–30. We intend to review these issues with him when he visits.

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B. Arab-Israeli Dispute

200. Reaffirmation of Past Policies

Prepared Statement by Secretary of State-designate Baker, January 17, 1989 (Extract)[1]

. . . .

Turning to the Middle East, the Arab-Israeli conflict has long engaged America's attention, resources, and good will. Our mediation has borne partial fruit in the Egyptian-Israeli Peace Treaty,[2] part of the Camp David accords[3] for a comprehensive settlement. And our policy in the Middle East has been truly bipartisan. Every administration has made its contribution. I was proud to be part of the Reagan team that expanded our relationship with Israel into a true strategic alliance and that also met our responsibilities in the Persian Gulf.

Now, President Reagan has authorized a dialog with the PLO after Yassir Arafat declared his organization's recognition of Israel's right to exist in peace, supported U.N. Resolutions 242 and 338,[4] and renounced terrorism.[5] Dialogs bring messages. And we are bringing a message to the PLO about terrorism and about the need for even more realism—realism that makes practical progress on the ground possible. But the existence of the dialog should not lead anyone to misunderstand our overall policy, or question our enduring support for the State of Israel.

As President-elect Bush has described it, we have a solid consensus on the objectives and means of making peace between Israel and her Arab neighbors. These include the purpose of the negotiations, which is above all a just, enduring peace that ensures Israeli security and satisfies the legitimate rights of the Palestinians. We advocate direct negotiations based on U.N. Resolutions 242 and 338, which include the exchange of territory for peace. Realistically, Jordan must play a part in any agreement. The Palestinians must participate in the determination of their own future. We continue to believe, however, that an independent Palestinian state will not be a source of stability or contribute to a just and enduring peace. These are sound principles and they should guide us.

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[1] Source: *Nomination of James A. Baker III: Hearings Before the Committee on Foreign Relations, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), pp. 207–209. Chairman of the committee, Claiborne Pell, presided over the session. For additional extracts from this statement, see Documents 1 and 388.

[2] Signed by Egypt and Israel in Washington, March 26, 1979; for text, see *American Foreign Policy: Basic Documents, 1977–1980*, pp. 669–671.

[3] Framework for Peace in the Middle East, agreed by Egypt and Israel in Camp David, Maryland, and signed in Washington, September 17, 1978; for text, see *ibid.*, pp. 653–657.

[4] For text of Resolution 242 (1967), adopted by the U.N. Security Council, November 22, 1967, see *ibid.*, *Current Documents, 1967*, pp. 616–617; for text of Resolution 338 (1973), adopted by the U.N. Security Council, October 22, 1973, see Department of State *Bulletin*, November 12, 1973, p. 604.

[5] For text of PLO Chairman Arafat's statement, December 14, 1988, see Congressional Research Service, Library of Congress, *Documents on Middle East Peace, 1982–1988, Report Prepared for the Subcommittee on Europe and the Middle East of the Committee on Foreign Affairs, U.S. House of Representatives* (Washington, 1989), pp. 87–88.

Today, the rocks are flying and the blood is flowing—bad blood—between the Palestinians and the Israelis in the areas under Israeli military administration. We are determined to build upon the achievements of our predecessors in changing that situation, which must be the foundation of a secure peace. And we look forward to working with all the parties in the area to achieve it.

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201. Violence in the Occupied Territory

Statement by the Acting Permanent Representative to the United Nations (Okun) Before the U.N. Security Council, February 17, 1989[6]

Mr. President, my Government believes it incumbent to vote against the resolution before us.

In considering this draft resolution, the basic question Security Council members should ask themselves is this: Would its adoption advance the prospects for peace in the region? Would it contribute to efforts to create confidence and understanding among the concerned parties and bring them together in direct negotiations leading to a settlement, or would it serve only to drive the parties further apart?

As all members of the Council are aware, the United States remains seriously concerned over events in the Occupied Territories. We remain actively engaged in diplomatic efforts to defuse tensions there and reduce the disturbing level of violence. We continue to urge restraint on all sides and have denounced acts of violence from whatever quarter.

Our concerns regarding the human rights situation in the Occupied Territories are well-known. As the United States has repeatedly stated, it is our position that the Fourth Geneva Convention[7] applies to the Occupied Territories, and that Israel has an obligation to comply with it. We have made clear to the Government of Israel our opposition to certain Israeli practices, for example, expulsion of Palestinian residents, collective punishment, use of live fire in non-life-threatening situations.

However, as the United States has consistently pointed out, Israeli practices in the territories cannot be viewed in a vacuum. As the occupying power, Israel has a responsibility recognized under international law to maintain order and security in the territories. This considerable task has been made even more difficult over the past year as the Palestinian uprising, or intifada, has heightened tensions and increased confrontations. Acts of violence perpetrated by Palestinians against Israeli soldiers and civilians are commonplace. Israelis in the area have been subject to constant provocations, in some cases involving life-threatening situations.

The draft resolution before the Council is flawed. In severely criticizing Israeli policies and practices, it does not take into sufficient account the context in which they occur or the excesses of the other side. Palestinian acts of violence, no more than those committed by Israelis, cannot be condoned. Only by reducing bloodshed can an atmosphere conducive to accommodation and negotiation be achieved.

The status quo in the territories is clearly unacceptable. The situation is inherently unstable and must be addressed. The question is how best to address the problem. A cornerstone of U.S. policy in the Middle East over the years has been our firm conviction that the situation in the Occupied Territories can only be resolved in the context of an overall negotiated settlement of the Arab-Israeli dispute, grounded on UNSC Resolutions 242 and 338. Such a settlement has to take into account both the security of the State of Israel and the legitimate rights of the Palestinian people.

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[6] Source: U.S. Mission to the United Nations Press Release USUN 9-(89), February 17, 1989. The statement was made in explanation of the U.S. vote against a draft resolution on the Situation in the Occupied Territories (U.N. Doc. S/20463). The draft resolution failed of adoption on February 17 with a vote of 14 in favor and 1 (the United States) opposed.

[7] Convention Relative to the Protection of Civilian Persons in Time of War, dated at Geneva August 12, 1949, entered into force October 21, 1950, for the United States February 2, 1956; 6 UST 3516.

Further resolutions of this particular kind are not the answer. During our consultations my delegation made clear the position of the United States on this matter, and offered suggestions to achieve needed balance. The complex, emotionally-charged issues involved cannot be resolved in New York by third parties, but only in the region by the parties themselves. If the Security Council is to play a positive role in this process, it will not be through adoption of unbalanced resolutions criticizing the actions of one side to the dispute. Instead, this body should lend its prestige and authority to urge reconciliation and mutual understanding while denouncing violence by all sides as unacceptable. This is the way to make a true contribution to peace. We call on members to meet this challenge. Thank you, Mr. President.

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202. Signing of Taba Accords

Daily Press Briefing by the Department of State Spokesman (Redman), February 27, 1989 (Extract)[8]

. . . .

Q. Does the State Department have any reaction to the agreement on Taba?

A. Yes. We offer our warmest congratulations to the Governments of Egypt and Israel on the signing of the February 26 Taba accords.[9] The agreements signed yesterday end many months of often difficult negotiations. Their successful outcome is a tribute to the serious and statesmanlike approach adopted by the two parties. The success also proves again that negotiations work and that when parties of good will get together—in the Mideast as elsewhere—solutions to the most difficult problems can be found.

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203. U.S. Warning to the PLO

Daily Press Briefing by the Department of State Spokesman (Redman), March 3, 1989 (Extract)[10]

. . . .

Q. A spokesman for the Israeli Foreign Ministry said that it has asked the United States to reconsider the dialog with the PLO in light of another apparent guerrilla attempt to infiltrate Israel yesterday and the earlier four such incidents. Was such a request received, and is it being given any consideration?

A. I believe that there was such a meeting to address that issue. I don't have any details.

Let me give you our reaction to this latest DFLP attack. You can have copies of this.

The United States views with concern the increasing number of Palestinian attacks in south Lebanon, most recently by the DFLP.

When the PLO renounced terrorism last December, we assumed Mr. Arafat spoke in the name of the PLO's Executive Committee and its constituent groups, and that the PLO could exercise control over these constituent groups.

We recognized from the beginning that some groups and factions, particularly those based in Damascus, were opposed to the positive evolution in PLO attitudes toward Israel and would be trying to undermine the U.S.-PLO dialog and block movement in the peace process.

Nonetheless, if the PLO leadership cannot or will not exercise such control, it raises questions regarding the commitments undertaken in the name of the PLO. Indeed, questions about the PLO's ability to carry out their commitments. That's a point we will stress to the PLO.

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[8] Source: Office of Press Relations, Department of State. The briefing began at 12:20 p.m.

[9] Agreement Regarding the Permanent Boundary Between Egypt and Israel and of Tourism in the South Sinai, signed by Egypt and Israel on February 26, 1989; for text, see *International Legal Materials*, Vol. 28, No. 3 (1989), pp. 611–619. The accords resolved a dispute over the boundary at Taba at the southern end of the Egyptian-Israeli border.

[10] Source: Office of Press Relations, Department of State. The briefing began at 12:39 p.m.

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204. "Step-by-Step Approach" for Settling Israeli-Palestinian Conflict

Address by Secretary of State Baker Before the American Society of Newspaper Editors, April 14, 1989 (Extract)[11]

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Last week President Mubarak of Egypt and Prime Minister Shamir visited Washington. His Majesty, King Hussein of Jordan, will be visiting us next week.[12]

I do not doubt that after so many years of strife, there is a very deep yearning on the part of all for peace. But it's also clear, I think, that the substantive gap between the parties is far too wide, and the atmosphere is far too clouded by violence and tension and mistrust to launch negotiations now. We have, therefore, been stressing for 2 months the need for a step-by-step process. Its purpose is to reduce tensions, to promote dialog between Israelis and Palestinians, and to build an environment that can sustain negotiations on interim arrangements and permanent status.

Last week, Prime Minister Shamir responded. He made clear that the status quo was unacceptable. He also emphasized Israel's desire to advance a political process that might lead ultimately to a settlement. He proposed elections in the territories for Palestinian representatives prepared to negotiate an interim agreement. The process would culminate in negotiations on final status. And he said that in those negotiations, all options would be open. All parties could bring their preferred positions to the table, and all, of course, would have to find the ultimate outcome acceptable.

This, we think, is a positive step and a step that is worthy of further consideration and development. In coming weeks, we will be discussing with Israel and the Arabs the details of these ideas; how we might build on them; how they fit into a larger picture of setting the stage for direct negotiations. We have embarked, if I may say so, on a step-by-step approach that fits our view of how to progress on this most difficult of conflicts.

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205. The PLO and the World Health Organization

Statement Read by the Department of State Spokesman (Tutwiler), May 1, 1989[13]

The United States vigorously opposes the admission of the PLO to membership in the World Health Organization or any other U.N. agencies. We have worked and will continue to work to convince others of the harm the PLO's admission would cause to the Middle East peace process and to the U.N. system.

Political questions such as this should not be raised in specialized agencies because such politicization detracts from the important technical work of these organizations.

To emphasize the depth of our concern, I will recommend to the President that the United States make no further contributions, voluntary or assessed, to any international organization which makes any change in the PLO's present status as an observer organization.

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[11] Source: Department of State *Bulletin*, June 1989, p. 10.

[12] President Mubarak visited Washington, April 1–5; Prime Minister Shamir, April 5–7; and King Hussein, April 17–21. All were official visits.

[13] Source: Office of Press Relations, Department of State. The statement was read on behalf of Secretary Baker at the outset of the Department of State Daily Press Briefing beginning at 12:40 p.m.

206. "A Very Serious Challenge in the WHO"

Statement by the Acting Assistant Secretary of State for International Organization Affairs (Smith), May 4, 1989 (Extract)[14]

. . . .

As you know, we are currently facing a very serious challenge in the WHO where the PLO, which has observer status, has submitted an application for membership as "the State of Palestine."

This application will be considered at an upcoming annual meeting of the WHO assembly, which begins May 8.

The PLO has also expressed an interest in joining other agencies, although it has not yet made a formal application to do so, and it has threatened to try to take action to expel Israel again from other agencies.

We want to assure that there is no success in the World Health Organization which might create a kind of domino effect in the other agencies. Therefore, it is critically important that we take firm and decisive action in this case.

The administration fully appreciates congressional concerns over these developments. And I can assure you we share all of the concerns expressed this morning.

As I said, we are engaged in a major effort to head this off. It is very difficult to say at the moment what our prospects are. You know how these battles go. They ebb and they flow, and you find out the last couple of days how it is really going to work. It is a very tough battle. We think there is a good prospect. Secretary Baker's statement is key to trying to bring home to everybody how serious the situation is. This bill[15] introduced by Congressman Lantos and others is another parallel key to achieving our objectives there.

If the PLO is successful in the WHO, it would certainly lead to the politicization of the other specialized agencies, complicating their essential technical work. And there is no doubt in our mind that it would be seriously detrimental to the search for Middle East peace.

U.S. policy in this regard is therefore clear:

First, the self-declared Palestinian State, which the United States does not recognize, does not satisfy the generally accepted criteria under international law for statehood. And thus it does not qualify for membership in U.N. agencies.

Second, the United States is opposed to the introduction of such a divisive political issue into the important technical work of these specialized agencies.

Third, we are convinced that any effort to bestow legitimacy on the self-proclaimed Palestinian State would harm efforts underway in the region to bring about peace. We are deeply convinced that the Arab-Israeli problem can be resolved only through a process of negotiations between the parties, not through unilateral acts such as declarations of statehood or an effort to achieve that through some backdoor entry into a U.N. agency. That would only prejudge the outcome of such negotiations.

As you have noted, we thought it very important to emphasize the depth of our concern. And thus, the Secretary of State announced, on May 1, that he will recommend to the President that the United States make no further contributions, voluntary or assessed, to any international organization that makes any change in the PLO's present status as an observer organization.

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[14] Source: *The PLO's Efforts to Obtain Statehood Status at the World Health Organization and Other International Organizations: Hearing and Markup Before the Subcommittee on Human Rights and International Organizations of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 27–28. Chairman of the subcommittee, Gus Yatron, presided over the session.

[15] Reference is to H.R. 2145, which declared it U.S. policy to oppose PLO admission to membership in the World Health Organization or any specialized agency or organization affiliated with the United Nations; specified that the President should withhold U.S. contributions to the United Nations or any specialized or affiliated U.N. agency that admitted the PLO into membership; and authorized the President to withhold U.S. contributions to the United Nations or any specialized or affiliated U.N. agency that admitted into membership any group or entity which the President determined did not have internationally recognized attributes of statehood. For text, see *ibid.*, pp. 38–39. On May 16, the House of Representatives by a vote of 396 to 6 adopted the bill. A similar bill in the Senate was incorporated into the Senate version of the Foreign Affairs Authorization Bill.

This would be a major step. The Secretary's statement should leave no doubt in others' minds as to how seriously we view this matter.

I can say, on the basis of a number of conversations we have had with foreign embassies here in Washington, and démarches we have conducted on a worldwide basis the last 2 ½ weeks, that no one has any doubt as to just how serious this is and what we intend to do about it.

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207. Reaffirmation of U.S. Position on Jerusalem

Statement Issued by the Department of State, May 12, 1989[16]

Our position on Jerusalem has not changed. In our view, Jerusalem should remain undivided, its final status should be resolved through peaceful negotiations, and the outcome of such negotiations should not be prejudged by any actions of any party.

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208. Israel and the Peace Process

Address by Secretary of State Baker Before the American-Israel Public Affairs Committee, May 22, 1989 (Extract)[17]

. . . .

This is the wider context in which we and Israel must consider the peace process. The outcome is of vital concern both to Israel's future and for our vision of a free and peaceful world.

Not so long ago, we marked a decade of the Camp David peace accords. That occasion reminded us not only of how far we have come but of how much further we have to go. I would like to report to you that we and Israel have taken some important steps forward.

Before Prime Minister Shamir visited Washington, we had called for some Israeli ideas on how to restart the peace process. We did so based on our conviction that a key condition for progress was a productive U.S.-Israeli partnership. And I believe that the best way to be productive is through consultation rather than confrontation.

Let me assure you that we were not disappointed. The Prime Minister will, I'm sure, forgive me if I divulge to you a conversation at our very first meeting. The Prime Minister said, in preparing for his visit, he had studied President Bush and me, just as he suspected that perhaps we had studied him. I had been described by the media as an ever-flexible pragmatist. The Prime Minister, he said, had been described as an inflexible man of ideological principle. Then the Prime Minister volunteered, that in his view, the journalists were wrong, and they were wrong in both cases. "Yes," he said, "I am a man of principle, but I am also a pragmatist who knows what political compromise means." And he said that it was clear that I, although a pragmatist, was also a man of principle, and that principle would guide my foreign policy approach. Needless to say, I didn't disagree with the Prime Minister.

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[16] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to a question asked at the Department of State Daily Press Briefing earlier that day.

[17] Source: Department of State *Bulletin*, July 1989, pp. 25–27.

If ever an opening statement achieved its goal of establishing a strong working relationship, this was it. I think it's fair to say that we understood each other to be pragmatists, but pragmatists guided by principle.

As we approach the peace process, together, we understand Israel's caution especially when assessing Arab attitudes about peace. I don't blame Isarel for exercising this caution. Its history and, indeed, its geopolitical situation require it.

At the same time, I think that caution must never become paralysis. Ten years after Camp David, Egypt remains firmly committed to peace, and Arab attitudes are changing. Egypt's readmission into the Arab League on its own terms and with the peace treaty intact, I think, is one sign of change. Evolving Palestinian attitudes are another. Much more needs to be done—to be demonstrated—that such change is real. But I don't think that change can be ignored even now. This is surely a time when, as the Prime Minister said, the right mix of principles and pragmatism is required.

As we assess these changes, U.S. policies benefit from a longstanding commitment to sound principles, principles which have worked in practice to advance the peace process. Let me mention some of those principles for you.

First, the United States believes that the objective of the peace process is a comprehensive settlement achieved through negotiations based on UN Security Council Resolutions 242 and 338. In our view, these negotiations must involve territory for peace, security and recognition for Israel and all of the states of the region, and Palestinian political rights.

Second, for negotiations to succeed, they must allow the parties to deal directly with each other, face to face. A properly structured international conference could be useful at an appropriate time, but only if it did not interfere with or in any way replace or be a substitute for direct talks between the parties.

Third, the issues involved in the negotiations are far too complex, and the emotions are far too deep, to move directly to a final settlement. Accordingly, some transitional period is needed, associated in time and sequence with negotiations on final status. Such a transition will allow the parties to take the measure of each other's performance, to encourage attitudes to changes, and to demonstrate that peace and coexistence is desired.

Fourth, in advance of direct negotiations, neither the United States nor any other party, inside or outside, can or will dictate an outcome. That is why the United States does not support annexation or permanent Israeli control of the West Bank and Gaza, nor do we support the creation of an independent Palestinian state.

I would add here, that we do have an idea about the reasonable middle ground to which a settlement should be directed; that is, self-government for Palestinians in the West Bank and Gaza in a manner acceptable to Palestinians, Israel, and Jordan. Such a formula provides ample scope for Palestinians to achieve their full political rights. It also provides ample protection for Israel's security as well.

Following these principles, we face a pragmatic issue, the issue of how do we get negotiations underway. Unfortunately, the gap between the parties on key issues such as Palestinian representation and the shape of a final settlement remains very, very wide. Violence has soured the atmosphere, and so a quick move to negotiations is quite unlikely. And in the absence of either a minimum of good will or any movement to close the gap, a high-visibility American initiative, we think, has little basis on which to stand.

If we were to stop here, the situation would, I think, be gloomy, indeed. But we are not going to stop with the status quo. We are engaged, as I mentioned a moment ago; we will remain engaged; and we will work to help create an environment to launch and sustain negotiations. This will require tough but necessary decisions for peace by all of the parties. It will also require a commitment to a process of negotiations clearly tied to the search for a permanent settlement of the conflict.

When Prime Minister Shamir visited Washington,[18] he indicated that he shared our view that the status quo was unacceptable. He brought an idea for election to, in his words, "launch a political negotiating process" which would involve transitional arrangements and final status. The Prime Minister made clear that all sides would be free to bring their preferred positions to the table and that the negotiated outcome must be acceptable to all. The United States welcomed these Israeli ideas and undertook to see whether it could help in creating an atmosphere which could sustain such a process.

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[18] Regarding Prime Minister Shamir's official visit to Washington, April 5–7, see Documents 238 and 239.

Just last week, the Israeli cabinet approved a more detailed version of the Prime Minister's proposal,[19] indicating Israeli Government positions on some, but not all, of the issues which are involved. The Israeli proposal is an important and very positive start down the road toward constructing workable negotiations.

The Israeli Government *has* offered an initiative, and it *has* given us something to work with. It has taken a stand on some important issues, and this deserves a constructive Palestinian and broader Arab response.

Much work needs to be done—to elicit Palestinian and Arab thinking on the key elements in the process, to flesh out some of the details of the Israeli proposals, and to bridge areas where viewpoints differ. Both sides, of course, are going to have to build political constituencies for peace. Each idea, proposal, or detail should be developed, if I may say so, as a deal-maker not as a deal-breaker.

It may be possible to reach agreement, for example, on the standards of a workable elections process. Such elections should be free and fair, of course, and they should be free of interference from any quarter.

Through open access to media and outside observers, the integrity of the electoral process can be affirmed. And participation in the elections should be as open as possible.

It is, therefore, high time for serious political dialog between Israeli officials and Palestinians in the territories to bring about a common understanding on these and other issues. Peace, and the peace process, must be built from the "ground up." Palestinians have it within their power to help define the shape of this initiative and to help define its essential elements. They shouldn't shy from a dialog with Israel that can transform the current environment and determine the ground rules for getting to, for conducting, and, indeed, for moving beyond elections.

We should not hide from ourselves the difficulties that face even these steps here at the very beginning. For many Israelis, it will not be easy to enter a negotiating process whose successfull outcome will, in all probability, involve territorial withdrawal and the emergence of a new political reality. For Palestinians such an outcome will mean an end to the illusion of control over all of Palestine, and it will mean full recognition of Israel as a neighbor and partner in trade and in human contact.

We do not think there is a real constructive alternative to the process which I have outlined. Continuation of the status quo will lead to increasing violence and worsening prospects for peace. We think now is the time to move toward a serious negotiating process, to create the atmosphere for a renewed peace process.

Let the Arab world take concrete steps toward accommodation with Israel—not in place of the peace process, but as a catalyst for it. And so we would say: end the economic boycott; stop the challenges to Israel's standing in international organizations; repudiate the odious line that Zionism is racism.

For Israel, now is the time to lay aside, once and for all, the unrealistic vision of a greater Israel. Israeli interests in the West Bank and Gaza—security and otherwise—can be accommodated in a settlement based on Resolution 242. Forswear annexation. Stop settlement activity. Allow schools to reopen. Reach out to the Palestinians as neighbors who deserve political rights.

For Palestinians, now is the time to speak with one voice for peace. Renounce the policy of phases in all languages, not just those addressed to the West. Practice constructive diplomacy, not attempts to distort international organizations, such as the World Health Organization. Amend the covenant.[20] Translate the dialog of violence in the *intifada* into a dialog of politics and diplomacy. Violence will not work. Reach out to Israelis and convince them of your peaceful intentions. You have the most to gain from doing so, and no one else can or *will* do it for you. Finally, understand that no one is going to "deliver" Israel for you.

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[19] For text of the May 14 proposal published in the *Jerusalem Post*, see Foreign Broadcast and Information Service, *Daily Report, Near East and South Asia*, May 15, 1989, pp. 28–30.

For outside parties—in particular, the Soviet Union—now is the time to make "new thinking" a reality as it applies to the Middle East. I must say that Chairman Gorbachev and Foreign Minister Shevardnadze told me in Moscow 10 days ago that Soviet policy is changing. New laws regarding emigration will soon be discussed by the Supreme Soviet. Jewish life in the Soviet Union is also looking better, with students beginning to study their heritage freely. Finally, the Soviet Union agreed with us last week that Prime Minister Shamir's election proposal was worthy of consideration.

These, of course, are all positive signs. But the Soviets must go further to demonstrate convincingly that they are serious about new thinking in the Arab-Israeli conflict. Let Moscow restore diplomatic ties with Israel, for example.

The Soviets should also help promote a serious peace process, not just empty slogans. And it is time for the Soviet Union, we think, to behave responsibly when it comes to arms and stop the supply of sophisticated weapons to countries like Libya.

I said at the beginning of these remarks that the Middle East had approached a turning point. I believe that this region, which is so full of potential, will not remain immune from the changes which are sweeping the rest of the world. These changes begin with the quest for democracy, for individual freedom, and for choice. Long ago, of course, Israel chose this path. And long ago, the American people decided to walk with Israel in its quest for peace and in its quest for security.

The policy I have described today reaffirms and renews that course. For our part, the United States will move ahead steadily and carefully, in a step-by-step approach designed to help the parties make the necessary decisions for peace. Perhaps Judge Learned Hand expressed it best when he said, ". . . we shall have to be content with short steps; . . . but we shall have gone forward, if we bring to our task . . . patience, understanding, sympathy, forbearance, generosity, fortitude and above all an inflexible determination."[21]

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209. Status of PLO Office in Washington

Statement Issued by the Department of State, June 2, 1989[22]

Q. Any chance the PLO will be allowed to reopen its office in Washington?

A. In September 1987, we ordered closure of the Palestine Information Office under the Foreign Missions Act[23] which provides for the regulation of entities "substantially owned or effectively controlled" by foreign nations or organizations such as the PLO. The closure was subsequently upheld in Federal court against constitutional and statutory claims.

Congress subsequently enacted the Anti-Terrorism Act of 1987,[24] which prohibits the operation of any PLO office within the United States. The reestablishment of the PIO would not be consistent with the terms of this law.

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[20] For relevant extracts from the text of the PLO Covenant, see Congressional Research Service, Library of Congress, *The Search for Peace in the Middle East, Documents and Statements, 1967–79, Report Prepared for the Subcommittee on Europe and the Middle East of the Committee on Foreign Affairs, U.S. House of Representatives* (Washington, 1979), pp. 235–238.

[21] Ellipses in the source text.

[22] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to a question asked at the Department of State Daily Press Briefing earlier that day.

[23] Title II of P.L. 97–241, approved August 24, 1982; 96 Stat 282.

[24] P.L. 100–204, approved December 22, 1987; 101 Stat. 1406.

210. Status of the Peace Process

Prepared Statement by the Assistant Secretary of State for Near Eastern and South Asian Affairs (Kelly), July 12, 1989 (Extract)[25]

. . . .

A longstanding interest of the United States in the Middle East is to assist in efforts to resolve the Arab-Israeli conflict through direct negotiations based on U.N. Security Council Resolutions 242 and 338. This approach is based on key principles, including that of the exchange of territory for peace. For a settlement to be achieved and to be durable, Israel must enjoy security with defensible borders. A settlement must provide security and recognition for all states in the region, as well as providing for the legitimate political rights of the Palestinian people.

Principles alone, however, will not guarantee a settlement. We are embarked on a pragmatic approach, designed to end the current tragic cycle of confrontation and to get Israelis and Palestinians engaged in a practical process. An authoritative dialog between Israelis and Palestinians from the West Bank and Gaza could enable the parties to break down walls of mistrust, alter their risk assessments and focus on ways to negotiate. Such a dialog would also help to structure elections, in order to launch a political process involving negotiations on interim arrangements and final status of the occupied territories. Progress on those fundamental issues would permit resolution of other differences that now separate Israel and other Arab States.

Two factors now guide our thinking. First, we see real opportunities resulting from changed thinking in the region. Israelis and Palestinians have begun to acknowledge the need to engage one another directly. Israel has put forward a constructive initiative, which for the first time addresses Palestinians as Israel's key negotiating partner. The PLO has finally accepted UN Security Council Resolutions 242 and 338 and Israel's right to exist. Egypt has gained readmission to the Arab League without compromising its peace with Israel. These events illustrate changes in thinking on all sides that are positive and worth pursuing.

Second, however, the parties continue to face significant obstacles that have blocked progress to peacemaking in the past. Gaps between positions on substantive issues are broad. Mutual suspicions between the parties have been heightened by violence, and leaders on both sides face divisions within their own communities. Under these circumstances, a high visibility initiative by an outside party cannot succeed. Similarly, premature focus on mechanisms like an international conference will only distract the parties from the difficult decisions they must make to establish a lasting peace.

It is within this context that we support the Government of Israel's peace initiative. The Israeli election proposal is a serious effort that we endorse wholeheartedly. It holds great promise and is worth building upon. We should not allow ourselves to be distracted by positions that do not advance the peace process. The May 14 proposal adopted by the Government of Israel is a serious effort to engage the Palestinians directly in a political process. It acknowledges that the Palestinians have political rights and aspirations that must be satisfied. The initiative deserves a serious and positive response from the Palestinians and the Arab States.

Many questions still need to be addressed about how we get to elections, the elections themselves and the relationship between elections and negotiations. These can and should be discussed in an Israeli-Palestinian dialog, designed to pave the way for elections and negotiations. Beginning a Palestinian-Israeli dialog is the first priority.

Let me say a word here about the U.S. dialog with the PLO. Our dialog with the PLO is not an end in itself. It is a means to advance a practical and workable peace process. In both formal and informal meetings we press the PLO to give practical meaning to its commitments of last December: its renunciation of terrorism and its recognition of the existence of Israel. We also are trying to moderate PLO positions on the peace process and create conditions under which the Israeli Government initiative can work. We are not trying to mediate between the PLO and Israel. We are seeking to determine whether the PLO is ready to act responsibly in the peace process.

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[25] Source: *Developments in the Middle East, July 1989: Hearing Before the Subcommittee on Europe and the Middle East of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 4–7. Chairman of the subcommittee, Lee H. Hamilton, presided over the session.

I have no major breakthroughs to report, but rather the continued efforts of our diplomacy to move all sides toward negotiations. This is slow and painstaking work. It has many opponents in the region, who seek to perpetuate the conflict rather than resolve it. It is, nonetheless, the way to proceed in a process designed to promote our national interests and to protect the interests of our friends, both Israeli and Arab. There is a long way to go. I remain hopeful that we can build on what has been done and elicit a positive Arab and Palestinian response, so that elections can be held and negotiations can be launched.

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211. The Israeli Election Proposal; Syria and the Peace Process

Statement Submitted by the Department of State, July 12, 1989 (Extracts)[26]

. . . .

II. The Peace Process

Question.

1. The United States has had several talks with the PLO about the Shamir elections proposal. I would like to get a better idea of the emerging PLO position.

—Salah Khalaf, or Abu Iyad, has said that the PLO might accept less than total Israeli withdrawal before elections, that the PLO envisages a two-stage process and that with the presence of appropriate international supervision, elections should be supported.

—Are these positions you are hearing from the PLO or are they saying something else?

—Is the key for the PLO the link between an elections process and an overall process leading automatically to talks on a permanent settlement?

—Do the PLO positions you know about leave enough room for achieving a compromise on an elections proposal?

—Do you see enough flexibility in the PLO positions?

—What has been the PLO reaction to the Likud Party plenum?

Answer. We have discussed the Israeli Government elections proposal with the PLO and have urged that they accept it. The PLO has accepted the idea of elections in principle, but has expressed numerous reservations about the Israeli initiative. In particular, PLO reservations include the absence of a clear role for the PLO, a preference for a much stronger linkage between transitional arrangements and final status, and concerns about specific modalities of elections. PLO concerns were heightened by the Likud Central Committee's effort to impose binding conditions on the Israeli Government initiative.

We believe that a compromise can be achieved to allow the elections proposal to move forward and are working toward this end. We are urging the start of a dialog between the Government of Israel and Palestinian residents of the West Bank and Gaza to work out the details of elections.

. . . .

Question

3. How crucial, in your view, is the participation of the Palestinians in East Jerusalem to the success of an elections proposal?

—Are elections possible without their participation?

—In your view, could the PLO accept an elections proposal which did not allow for some means of voting by Palestinians in East Jerusalem?

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[26] Source: *Developments in the Middle East, July 1989*, pp. 61–62, 63–64, 65–66. The answers were given in response to questions for the record submitted by the Subcommittee on Europe and the Middle East of the Committee on Foreign Affairs following John Kelly's testimony.

—Is it possible to have East Jerusalem Palestinians vote without affecting the issue of sovereignty of East Jerusalem?

—Does the United States share Mayor Kollek's view that the Palestinians in East Jerusalem should be allowed to vote?

Answer. We believe the broadest possible Palestinian participation will result in an electoral process that has greater legitimacy and broader support.

It is our judgment that Palestinians will insist on the participation of East Jerusalem Palestinians in elections.

We have taken the position with the PLO that the details of the Israeli initiative should be worked out in dialog between Israel and West Bank and Gaza Palestinians. Among these details is the question of arrangements for the elections including the question of East Jerusalem.

In our view, the answer is yes. It has been the longstanding position of the United States that the status of Jerusalem must be resolved by negotiations. We believe that this issue should be taken up at a later stage. Our policy remains that Jerusalem should be an undivided city open to all religions and with respect for the rights of all. The question of sovereignty should be resolved within that framework.

We believe that the broadest possible Palestinian participation would confer greater legitimacy and support to the electoral process. Moreover, we believe that voting by East Jerusalem Palestinians in the elections proposed by the Government of Israel does not affect the issue of the final status of Jerusalem, which must be resolved through negotiations.

. . . .

Question.

7. What is United States policy toward Syria and the peace process?

—What role do you see for the Syrians?

—What is the Syrian position on elections in the West Bank and Gaza?

—Is Syria in your view trying to undermine possible elections?

—Is the U.S. policy that the disposition of the Golan Heights is something Syria and Israel must negotiate?

Answer. Any comprehensive peace based on Resolutions 242 and 338 must eventually involve peace between Israel and all of its Arab neighbors, including Syria. We have a dialog with Syria on a range of issues, and we brief the Syrians on our general approach to the peace process. We have no intention of excluding Syria from the peace process and hope it will engage constructively; until now, however, Syria has excluded itself from positive engagement.

Currently, there are indications that Syria is encouraging Palestinian groups with which it has influence to oppose the positive evolution in PLO policies represented by Arafat's December 14 commitments. As reflected in the semi-official press, Syrian officials are convinced Arafat will gain nothing from his new policies and therefore they oppose steps aiming at an eventual Israeli-Palestinian dialog, including discussions of possible elections in the occupied territories. The Syrians historically have sought to subordinate PLO policies to their own.

U.S. policy is that the final status of the Golan Heights can only be determined through negotiations between Syria and Israel based upon U.N. Security Council Resolutions 242 and 338.

. . . .

212. Status of International Conference Proposal

Interview With Secretary of State Baker, Paris, July 16, 1989 (Extract)[27]

. . . .

What is the status of your thinking now on an international conference? Can you reassure the Israelis that that's not part of our program?

A. There has been absolutely no change in the policy of the United States with respect to an international conference from what the policy was during the Reagan administration. And the policy is this: The United States believes that an international conference, properly structured, at the appropriate time, might be useful. But we've spent a number of months in the Bush administration arguing against an international conference. When the idea has been surfaced to us by foreign ministers and heads of state of other governments, we say that going to an international conference now might well preempt other, more promising possibilities. And we think the Shamir elections proposal is just such a more promising possibility. We're glad to know and glad to hear that that proposal stands as originally submitted and that we and our ally Israel are going to work to implement that proposal.

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213. Congressional Restraints on Dialog With PLO

Interview With Secretary of State Baker, July 19, 1989 (Extract)[28]

. . . .

Q. While you were overseas, the Senate was on the verge of passing some legislation that would have set some restrictions on the kinds of people the United States could talk to—representatives of the Palestine Liberation Organization (PLO). The word is that you got on the phone with Senator Jesse Helms and you got the legislation delayed.[29] What's this all about?

A. It is a provision that would be attached to our authorization bill that would basically, at least in its original form, in my view terminate the dialog that has been established between the United States and the PLO.

Q. How would it terminate it?

A. It would terminate it by saying in effect that no appropriated funds could be used to engage in a dialog with anybody who had been a conspirator in or an accessory to or participated directly or indirectly in a terrorist activity and so forth. That would be very difficult. It would be very difficult to maintain the dialog in the face of that kind of language when you consider that the Palestine Liberation Organization was, in fact, a terrorist organization.

Of course, they met the U.S. 13-year-old conditions for discussions between the United States and the PLO when they renounced terrorism and accepted UN Resolution 242 and so forth back in December of 1988.

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[27] Source: Department of State *Bulletin*, September 1989, p. 12. Secretary Baker was interviewed on NBC-TV's "This Week With David Brinkley."

[28] Source: Department of State *Bulletin*, September 1989, p. 68. Secretary Baker was interviewed on PBS-TV's "MacNeil-Lehrer Newshour."

[29] On July 20, the Senate voted 97 to 1 on a revised amendment to the Foreign Relations Authorization Bill that would deny funds to conduct the dialog with the PLO if the President "knows and advises the Congress that the [PLO] representative directly participated in the planning or execution of a particular terrorist activity that resulted in the death or kidnapping of an American citizen." (*Congressional Record*, Vol. 135, No. 98, pp. S8371–S8373) President Bush vetoed the Foreign Relations Authorization Bill on November 21; see Document 8.

Q. But the U.S. representative in Tunis has talked to—the problem here, as you know, is over Abu Iyad, who is the number two man in the Palestine Liberation Organization, a man who was involved in terrorist activities, including the Munich massacre of the Israeli athletes in 1972. When was it decided that the United States would talk to him? And explain what the position was that led to those talks, and why now—

A. The position, as I mentioned earlier, is that in December of 1988, the Palestine Liberation Organization met the three conditions that the United States had put forward as conditions for a dialog that had existed for some 13 years.

So we began a dialog with the PLO through our Ambassador in Tunis, and we said this is the only channel that we will use for this dialog. And it is the only channel that we do use.

He has talked to a number of individuals in the—we didn't say that we wouldn't talk to anybody or that we wouldn't talk to members of the PLO. We said we would begin a dialog, and we have, and we did, and we've talked to a number of different people.

Q. And you want to continue to talk to Iyad and anybody else, right?

A. Their having met our conditions of 13 years, it's important that we maintain this dialog if we're going to make progress toward peace in the Middle East.

If the legislation that you referred to were to pass in the form that Senator Helms submitted it, in our view it would mean we would have to terminate the dialog. We think that would be, frankly—we believe—I'm not sure that there's agreement on this over there—but we think that would be adverse, as a matter of fact, to the interests of the State of Israel.

One thing we know is, it would end the dialog, and we think it would mean there would be less chance of our making progress toward peace in the Middle East.

. . . .

214. Deportations of Palestinians From Occupied Territories

Statement by the Permanent Representative to the United Nations (Pickering) Before the U.N. Security Council, August 30, 1989[30]

Mr. President, the Security Council is convened today to consider a draft resolution by the nonaligned members of the Security Council. The resolution concerns the action by the Government of Israel on August 27 to deport five Palestinians from the occupied territories.

The U.S. position on this issue is well known. It was reaffirmed by the Department of State Spokesman on August 28: We are opposed in principle to deportations as contrary to the provisions of the Fourth Geneva Convention, provisions which apply to the occupied territories of the West Bank and Gaza. We further believe that deportations are unhelpful because they increase tensions and corrode the atmosphere in the region, making it more difficult for Israelis and Palestinians to engage in constructive dialog and thereby move the peace process forward. We have repeatedly made these views known to the Government of Israel.

In its Resolution 636 adopted July 6, the Security Council expressed its deep regret at continuing deportations and called on Israel to desist from further deportations of Palestinian civilians. Despite this call by the Council, Israel has proceeded less than 2 months later with the deportation of five additional Palestinians. It is in this context that my government will not oppose the resolution before the Council today, but will abstain.

The United States wishes to make clear that we do not believe that repeated resort to the Security Council will help address the underlying problems of finding peace or facilitate negotiations between the parties. The difficult decisions needed to launch a negotiating process are the responsibility of the parties themselves; others cannot do this for them. The United States is continuing its active efforts to assist the parties in establishing a dialog that can lead to interim and final status arrangements in the occupied territories and to a comprehensive peace in the region.

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[30] Source: U.S. Mission to the United Nations Press Release USUN 83-(89), August 30, 1989. The statement was made in explanation of the U.S. vote on the Situation in the Occupied Territories, adopted as U.N. Security Council Resolution 641 (1989) by a vote of 14 in favor, none opposed, and one abstention (the United States).

For the record, Mr. President, I wish to add our oft-stated objection to the phrases appearing in this resolution "occupied Palestinian territories" and "Palestinian territories, occupied by Israel since 1967, including Jerusalem, and the other occupied Arab territories." We consider that these phrases describe the territories demographically, are limited to territories occupied in 1967, and do not prejudge their status, which can only be resolved through negotiations. We are convinced that Jerusalem must remain undivided, but that its final status should be decided through negotiations. Thank you, Mr. President.

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215. Developments in the Peace Process

Prepared Statement by the Assistant Secretary of State for Near Eastern and South Asian Affairs (Kelly), September 19, 1989 (Extract)[51]

. . . .

Our policy on the peace process has not changed. The peace we seek should be comprehensive, including all parties to the conflict. It should come about through direct negotiations. The negotiations should be based on UN Security Council Resolutions 242 and 338, and should involve territory for peace, security and recognition for Israel, and the legitimate political rights of the Palestinian people.

The Israeli Government took a step toward the achievement of these goals through its peace initiative of May 14. We endorse this initiative, and we continue to believe the proposal for elections in the occupied territories holds the potential to launch a political process of negotiations that can advance the prospects of peace. Since my last appearance before this Committee, we have pursued our efforts on behalf of this initiative in a number of ways:

—I visited Israel, Egypt, and Jordan in August. Much of my discussions focused on the peace process. I came away convinced that the leaders of all three countries are committed to peace and anxious to move forward if mutually acceptable mechanisms can be found. President Mubarak has been particularly helpful and energetic in seeking ways to advance the process, developing ideas to keep up momentum and encouraging all sides toward moderation and flexibility. In July, he advanced a 10-point proposal which might provide a bridge for the Israelis and the Palestinians. It is important to remember that the Egyptian 10 points are not an alternative to the Government of Israel's May proposal but rather represent Egypt's acceptance of the elections concept and Egypt's views on how to get elections and make them work. We believe the Egyptian points constitute a constructive and valuable addition to ongoing diplomatic efforts. Egypt's efforts are continuing. Yesterday, Israeli Defense Minister Rabin was in Cairo for further discussions on how to bridge differences and get a dialog started. We understand Egyptian-Israeli discussions on this will continue in the days ahead.

—In my meeting with Palestinians in Jerusalem, and in the U.S. dialog with the PLO in Tunis, we have stressed the need for a constructive response to the Israeli proposal. There are some signs recently that the PLO will move in this direction and is seriously considering Egypt's 10 points. For our part, we take our dialog with the PLO seriously. We have told the Palestinians that we can provide no guarantees regarding final outcome—this is a matter for the negotiations. And we have explained the need for a pragmatic approach to get a process of negotiations started. Once they begin, the Palestinians will be able to bring to the table whatever preferences and positions they wish. As I noted, we are beginning to have a sense that our message may be getting through.

—At the same time we have continued to stress to the PLO that we will not accept efforts to have the so-called "State of Palestine" admitted to international organizations. The administration shares the strongly-held views of Congress on this issue. So far, we have registered success in our efforts—in the World Health Organization and the World Tourism Organization.

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[51] Source: *Developments in the Middle East, September 1989, Hearing Before the Subcommittee on Europe and the Middle East of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1990), pp. 4–10. Chairman of the subcommittee, Lee H. Hamilton, presided over the session.

—Finally, we are continuing our exchanges with the Soviets on the Middle East, as recently as yesterday, when Dennis Ross (Director of Policy Planning) and I met with the Soviets. We continued to stress the advantages of the elections proposal. Our Soviet interlocutors showed serious interest in our views and posed legitimate questions. We are not yet persuaded that the Soviets will, in fact, pursue the types of policies that will contribute to real progress. This is something we will have to watch carefully and to continue to nurture.

The weeks ahead will see opportunities for continuing discussions with a variety of regional and other interested leaders. In Wyoming, where the Middle East will be on the agenda for Secretary Baker's meeting with Foreign Minister Shevardnadze, we will be using the occasion to press the Soviets to accept the Israeli elections proposal. We will have other occasions in New York at the UNGA and here in Washington. We intend to make full use of these opportunities.

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216. U.S. Views on Egypt's Ten Points

Press Briefing by Secretary of State Baker, October 2, 1989 (Extracts)[32]

President Bush and President Mubarak have just finished a productive 45-minute discussion on a wide range of issues. Inevitably, of course, the discussion focused on the Middle East peace process. I think it's fair to say that we all hope that conditions exist for progress and that the Israeli Government's elections initiative points the way.

Rather than go any further with respect to a statement, I'd be delighted to try and respond to your questions.

Q. One of the Egyptian 10 points involves a freeze on further Israeli settlements in the occupied territories. Does the United States support that?

A. The United States supports the initiation of a dialog. We've said for a long time we don't think we'll get to peace until we have Palestinians and Israelis speaking to each other. We've made the point over the course of the past several weeks that the Egyptian 10 points do not represent, in our view, a competing proposal to the Shamir elections initiative.

President Mubarak indicated today that in his view, it does not represent a competing proposal. They represent a means of getting a dialog established. So I don't think it's productive for us to sit here and go through one-by-one the 10 points. There are some of those, of course, that we agree with, some that we may not agree with.

Q. As a matter of policy, do you want the Shamir government to take those 10 points and say yes?

A. What we would like to see happen, of course, is for the Israeli Cabinet—which I understand is going to be meeting on Thursday—to conclude that they would like to go forward with discussions respecting a dialog between Israelis and Palestinians that could lead to elections; that it lead to the implementation of their proposal.

Q. Yes, but on the terms that Mr. Mubarak says, namely, with Palestinians outside the territory?

A. It's not an either-or, you see. What President Mubarak is suggesting is that these might be the terms that Palestinians would take to the table as their opening position when they come to the table to talk about elections and, as the Shamir initiative indicated, transitional arrangements which might follow elections.

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[32] Source: Department of State *Bulletin*, December 1989, pp. 45–46. The press briefing was held at the White House following a meeting of President Bush and Egyptian President Mubarak, who made an informal visit to Washington October 1–3.

Q. Do we have any—that Arafat agrees or disagrees with the Mubarak proposals?

A. I don't have any evidence that he agrees or disagrees.

. . . .

Q. Did President Mubarak indicate in any way that the PLO was willing to accept the conditions of his 10-point plan?

A. He did not indicate that expressly during the course of this meeting with President Bush. And you're going to have a chance to ask him these questions out here. I would suggest you direct those questions to him. I'm answering from the standpoint of the United States.

. . . .

Q. Can you tell us to what extent the United States is asking Mr. Shamir to take Mubarak's proposals and move forward?

A. I met with Minister Arens in New York twice, once alone and once again with the Foreign Minister of Egypt. The President saw Minister Arens. I talked to him on the phone today. We would like very much for the Shamir elections proposal to move forward, and we think that the Egyptian 10 points afford us a means of implementing the Shamir elections proposal. So, we're encouraging that. We'd like very much to see that happen.

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217. The U.N. Food and Agricultural Organization and Attempts To Enhance PLO Status

Daily Press Briefing by the Department of State Spokesman (Tutwiler), November 27, 1989 (Extract)[53]

. . . .

Q. Does the State Department have any information about a move by Arab Governments at the U.N. to try to link aid, food aid on the West Bank, to some concessions or some semi-recognition of the PLO? There's sort of a story behind this story. There are suggestions the State Department's attempting to stop this by alerting the press to such a move. But, anyhow, let's take it on the first level.

A. You're on the Food and Agricultural Organization, correct?

Q. Yeah.

A. The resolution that is now being considered by the general conference of the U.N. Food and Agricultural Organization represents an objectional attempt to politicize the important work of this agency.

We strongly support humanitarian assistance to the Palestinian people as indicated by our being the largest contributor to the U.N. Relief and Works Agency for Palestinians. I'd like to note that in 1989 we gave $63 million. However, we cannot support the one-sided resolutions such as this one before the FAO. Specifically we strongly object to preambular paragraphs without any semblance of balance that criticize Israeli practices in the Occupied Territories.

We also strongly oppose two operative paragraphs suggesting that FAO programs should be implemented in coordination with the PLO. It should be noted that it has been consistent U.S. policy that the PLO should not be the conduit for international assistance to the Palestinians. The United States continues to believe that raising this type of political issue in a meeting of a technical U.N. body is wholly inappropriate, does nothing to contribute to the settlement of the political issues involved, and does substantial harm to the FAO's credibility as an organization worthy of U.S. support.

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[53] Source: Office of Press Relations, Department of State. The briefing began at 12:40 p.m.

Q. That goes to—

A. That's our opinion.

Q. I don't know quite what's going on in the U.N., because this really hasn't come to the force much so far today. But there's been jockeying behind the scenes for some other form of recognition to the PLO. Do you have any—

A. You're talking about enhancement of status at the General Assembly?

Q. I meant that.

Q. An observer state.

Q. That, for instance.

A. Our policy has not changed. The United States opposes any enhancement in the U.N. of the status of the self-proclaimed State of Palestine. The PLO's current status is that of nonstate observer organization. We understand that there are efforts now to change that status.

The U.S. Government does not recognize Palestine. It does not satisfy the generally accepted criteria under international law for statehood. Thus it cannot qualify for membership in the U.N. or its affiliated agencies. We are making clear in worldwide bilateral démarches, as well as in conversations at the highest level of the U.N., that any action to change the PLO's status will have the most serious adverse consequences for the U.N.

Q. Margaret, there's a legal matter here, because any international body that recognizes the State of Palestine—there's a Federal law that says we will withdraw our economic support for that body.

A. Right.

Q. Quite simply, would we withdraw economic support to the United Nations if the General Assembly grants the PLO observer state status?

A. Yes.

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218. Egyptian Acceptance of Secretary Baker's Five Points

Statement Read by the Department of State Spokesman (Tutwiler), December 6, 1989 (Extract)[54]

. . . .

A. We are pleased to announce that we have now received from the Government of Egypt a positive response to Secretary Baker's five-point framework.[55] As was the case with a similarly positive Israeli response,[56] this represents a step forward. In their responses, both Egypt and Israel have conveyed certain views and positions on this process. We will be working with the parties on steps needed to get to a trilateral meeting in Washington as part of the process for launching an Israeli-Palestinian dialog.

Secretary Baker appreciates the hard work of both Foreign Minister Arens and Foreign Minister Meguid. He also appreciates the work of President Mubarak and Prime Minister Shamir. Secretary Baker looks forward to continuing to work with these gentlemen in order to take further steps to move this process forward.

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219. U.S. Five Points

Statement Issued by the Department of State, December 6, 1989[57]

(1) The United States understands that because Egypt and Israel have been working hard on the peace process, there is agreement that an Israeli delegation

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[54] Source: Office of Press Relations, Department of State. The statement was read at the Department of State Daily Press Briefing that began at 12:48 p.m.

[55] See *infra.*

[56] The Israeli Inter Cabinet accepted the Five Points Framework on November 5; see Document 243.

[57] Source: Office of Press Relations, Department of State; posted statement.

should conduct a dialog with a Palestinian delegation in Cairo.

(2) The United States understands that Egypt cannot substitute itself for the Palestinians and Egypt will consult with Palestinians on all aspects of that dialog. Egypt will also consult with Israel and the United States.

(3) The United States understands that Israel will attend the dialog only after a satisfactory list of Palestinians has been worked out.

(4) The United States understands that the Government of Israel will come to the dialog on the basis of the Israeli Government's May 14 initiative. The United States further understands that Palestinians will come to the dialog prepared to discuss elections and the negotiating process in accordance with Israel's initiative. The United States understands, therefore, that Palestinians would be free to raise issues that relate to their opinions on how to make elections and the negotiating process succeed.

(5) In order to facilitate this process, the United States proposes that the Foreign Ministers of Israel, Egypt, and the United States meet in Washington within 2 weeks.

C. Arabian Peninsula

220. Continuation of Arms Sales to Saudi Arabia

Letter From President Bush to the Speaker of the House of Representatives (Wright), April 12, 1989[1]

DEAR MR. SPEAKER: I am writing to you with respect to Section 1307 of the National Defense Authorization Act, Fiscal Year 1989,[2] which prohibits the sale of any defense articles subject to Section 36(b) of the Arms Export Control Act[3] to any nation which has acquired intermediate-range ballistic missiles made by the People's Republic of China. Section 1307(b) includes a provision that this restriction will cease to apply if the President certifies to the Congress that the nation which has purchased the missiles does not have chemical, biological, or nuclear warheads for those missiles.

After a review of the information available to the United States Government, I have certified that Saudi Arabia does not possess chemical, biological, or nuclear warheads for its intermediate-range ballistic missiles purchased from the People's Republic of China.

A copy of my certification pursuant to Section 1307 of the National Defense Authorization Act, Fiscal Year 1989, is enclosed. Additional information concerning this action is contained in the enclosed justification.

Sincerely,

GEORGE BUSH

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221. U.S. Assistance to Oman and the Yemen Arab Republic

Prepared Statement by the Deputy Assistant Secretaries of State for Near Eastern and South Asian Affairs (Walker and Burleigh), April 19, 1989 (Extract)[4]

. . . .

Oman

Oman is one of the most durable and stable friends of the United States in the Middle East. It resisted the regional tide in the late 1970's and 1980's when it supported Egypt's adherence to the Camp David Accords. The Access Agreement[5] that we concluded with Oman in 1980 became the keystone of U.S. strategy for the protection of the Persian Gulf, and it was critically important to U.S. military activities in the Gulf over the past 2 years. Without Oman's cooperation under the Access Agreement, which allows U.S. military access to certain facilities in Oman under contingency conditions, U.S. Central Command strategy and operations would have been severely constricted.

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[1] Source: *Weekly Compilation of Presidential Documents*, April 17, 1989, p. 540. An identical letter was sent to Claiborne Pell, Chairman of the Senate Foreign Relations Committee. For texts of the certification and justification, see *ibid.*, pp. 540–541.

[2] P.L. 100–456, approved September 29, 1988; 102 Stat. 2062.

[3] International Security Assistance and Arms Control Act of 1976, P.L. 94–329, approved June 30, 1976; 90 Stat. 742.

[4] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearing Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 7, pp. 819–823. The hearing was before the Subcommittee on Foreign Operations, Export Financing, and Related Programs. For other extracts from this statement, see Documents 197, 226, 240, 245, and 267.

The Access Agreement has served both Omani and U.S. interests, cementing a closer bilateral relationship and an extensive dialog. Oman, a nation of only 1.5 million inhabitants, faces serious threats from its neighbors and values greatly the security offered by its relationship with the United States. Iran lies just across the Strait of Hormuz, and the Iran–Iraq war put all Gulf Arab States on notice of Iranian ambitions. The Soviet-supported People's Democratic Republic of Yemen (PDRY—or South Yemen) aided a Marxist secessionist movement in Oman's southern region in the 1960's and 1970's, and skirmishes took place along the Oman/PDRY border as recently as November 1987.

U.S. economic assistance to Oman, in the form of ESF, began with the Access Agreement in 1980. ESF was $20 million in 1985 but it has dropped in subsequent years. Our fiscal year 1990 request for Oman includes $20 million in ESF and $100,000 in IMET. Oman views this economic assistance as an integral component of the Agreement and of the relationship. The 10-year Agreement is due for review in 1990, and economic assistance will be an important element of the review process.

Oman is a modest oil-exporter but its economy is almost entirely dependent on the petroleum industry. The fall in oil prices in 1985–1986 sent the Omani economy into a recession which has deepened with each passing year. Our assistance is aimed at helping Oman to diversify its economy and strengthen commercial links with the United States, with emphasis on the management of fisheries and scarce water resources.

Yemen Arab Republic (North Yemen)

Our FY 1990 request for the Yemen Arab Republic includes $2 million of Foreign Military Sales (FMS) financing on a grant basis, $1.1 million for International Military Education and Training (IMET), $5 million in P.L. 480 food aid, and $21.15 million in Development Assistance (DA).

The Yemen Arab Republic occupies a strategic location at the southwest corner of the Arabian Peninsula, between Saudi Arabia and South Yemen. A stable North Yemen, able to defend itself and increasingly meet the needs of its people, is important to peace and stability in this key region at the southern end of the Red Sea.

The relationship between North and South Yemen, although showing recent signs of improvement, remains fragile and unpredictable. North Yemen has been threatened in the past decade by direct attacks and attempts at subversion from the south. The leadership in Aden continues to be firmly tied to the Soviet Union, which has rearmed South Yemen since the destruction caused by the 1986 coup.

The Yemen Arab Republic is one of the poorest and least developed countries in the Middle East. The U.S. firm Hunt Oil discovered oil in 1984 and the country joined the ranks of the petroleum-exporting nations in late 1987. Neither exports nor reserves are large, however, and the government's income from oil exports has not been enough to compensate for continued declines in worker remittances and Arab donor aid. This situation, combined with a large, rapidly growing population and serious lack of infrastructure, means that the Yemen Arab Republic will remain heavily dependent on outside assistance as it works to improve the lives of its citizens and become economically self-sufficient.

The U.S. security assistance program, while small, supports equipment previously provided and offers an alternative to Yemeni dependence on the Soviets. Despite its size, our program enjoys a high profile within the Yemeni military, and U.S. equipment and assistance are frequently compared favorably against Soviet equipment and assistance. The FMS funds requested for fiscal year 1990 will be used to maintain U.S.-origin equipment and support the training needed for effective operation of the equipment. The Yemeni Government also is concerned about the USSR's position in any future crisis involving South Yemen, given the large Soviet investment in its Marxist ally. U.S. assistance, complemented by longstanding cooperative assistance programs with Saudi Arabia, provides assurances that North Yemen has other friends who will assist with the defense it needs.

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[5] Agreement Concerning the Use of Certain Facilities in Oman by the United States, exchange of notes at Muscat, June 4, 1980, entered into force the same day; 32 UST 1636.

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222. Visit of Prince Sa'ud and the Arab League's Efforts Concerning Lebanon

Statement by the President's Press Secretary (Fitzwater), June 14, 1989[6]

The President met today with Prince Sa'ud al-Faysal, Foreign Minister of Saudi Arabia, to discuss the efforts of the Arab League to resolve the Lebanon crisis. The President welcomed the collective efforts of Saudi Arabia, Morocco, and Algeria and expressed U.S. support for their mandate to pursue urgently a political process in Lebanon leading to elections, reforms, and a new national consensus. The President pledged the commitment of the United States to do all it can to promote a political solution that would bring Lebanon's turmoil to an end.

The United States encourages the Arab League's efforts to foster a political dialog among the Lebanese. Such a dialog, in the context of a cease-fire, is the necessary first step toward a solution of Lebanon's suffering, which has gone on too long. The President reaffirmed the commitment of the United States to Lebanon's unity, sovereignty, and territorial integrity, with the withdrawal of all foreign forces and the disbandment of the militias.

The President said that the United States believes that all parties to the conflict in Lebanon must show restraint and flexibility at this crucial point. All concerned must do their part to promote a genuine political process, devoid of threats and coercion. Outside interests must not add to Lebanon's misery.

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223. U.S. Meetings With South Yemeni Officials

Daily Press Briefing by the Department of State Spokesman (Tutwiler), October 23, 1989 (Extract)[7]

. . . .

Q. . . . The Prime Minister of South Yemen says that they've had meetings with Mr. Pickering, I believe, and another one scheduled in 2 weeks about restoring diplomatic relations. How does the United States feel about restoring diplomatic relations with South Yemen?

A. I can confirm for you that a meeting took place recently between Ambassador Pickering and the South Yemen Permanent Representative at the U.N. These discussions were not "negotiations," and we did not raise the issue of resuming diplomatic relations.

We did discuss our concern about terrorism, and about South Yemen's relations with its neighbors who are friends of the United States. We expect further discussions with South Yemen, but no further meetings have been scheduled. So I haven't heard about one in 2 weeks.

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[6] Source: *Weekly Compilation of Presidential Documents*, June 19, 1989, pp. 899–900.

[7] Source: Office of Press Relations, Department of State. The briefing began at 12:04 p.m.

224. Strategic Context of the Saudi Tank Purchase

Prepared Statement by the Assistant Secretary of State for Politico-Military Affairs (Clarke), November 17, 1989 (Extract)[8]

It is a pleasure for me to appear before you this morning to discuss the administration's plans to sell 315 M1A2 main battle tanks and associated equipment to Saudi Arabia. As you know, the administration advised the Congress informally of its plans to proceed with this sale on October 11th. The formal notification was delivered on November 2. The decision to notify was made only after a lengthy assessment of the impact of this sale on U.S. interests in the Middle East and the security situation there. As a result of our assessment, we have concluded that Saudi Arabia has a legitimate need for this equipment; the sale will not have a negative impact on regional stability; it will not pose a risk to Israel's security; and it will serve a number of important U.S. interests. My prepared remarks will focus on these conclusions. I would also ask that two background documents entitled "Background Information: Sale of Abrams Tanks to Saudi Arabia." and "Fact Sheet: Proposed Sale of M1A2 Tanks to Saudi Arabia," prepared by the Departments of Defense and State, be included in the record of this hearing.

Before discussing our rationale for this sale, I would first like to outline its dimensions. The total value of this sale is approximately $3.1 billion of which about $1.15 billion will go toward the purchase of the 315 tanks. The remainder will go for various types of support vehicles—recovery vehicles, tank transporters, support trucks, spare parts, construction, and other support services. A complete listing of the package's components and their estimated value is contained in the aforementioned background documents. As to the configuration of the tank that we will be providing to the Saudis, I will summarize by saying that it will be somewhat different from the model that the U.S. Army will use. Again, a more detailed description of the tank can be found in the background material. Finally, we plan to deliver these tanks to the Saudis during the period June 1993 through April 1996. The Saudis will begin receiving their tanks about 1 year after the Army begins receiving its M1A2s. This delivery schedule will not adversely affect deliveries to the U.S. Army.

At least as far back as 1982, when we first received a request for information, the Saudis have been considering the purchase of modern tanks to replace their obsolescent fleet of approximately 300 French AMX–30s. During the summer of 1987, Brazil, France, and the United Kingdom as well as the United States participated in a tank "shoot-off" at the invitation of the Saudi Government. As a result of that competition, the Saudis determined that the U.S. Abrams tank best suited their needs. They subsequently advised us of their desire to purchase a total of 315. In the timeframe for delivery, the only tank we will produce will be the M1A2; the A1 will have gone out of production.

In determining how to respond to the Saudi request, we first looked at the Saudis' need for these tanks. The Saudi ground forces face the daunting task of defending a country that approximates the size of the United States east of the Mississippi and that contains several tempting targets: vast oil reserves—25% of the world's proven reserves—and the spiritually (and therefore within the Islamic world, politically) important holy cities of Mecca and Medina. This task is made all the more difficult as the Saudis must contend with potential threats from the east, the northeast, and the south.

In the east, the Saudis face a revolutionary regime in Iran which has long expressed its enmity for the Saudi royal family. During the active phases of the Iran–Iraq war, Iran sought to interdict shipping going to and from Saudi ports. At one point the Iranian Air Force actually threatened the oil fields in the Eastern Province. At another point, it appeared as if Iranian forces might break through Iraqi lines in southern Iraq and directly threatened Kuwait and the Saudi Eastern Province with their considerable land forces. Although ultimately defeated in this long war, Iran is now engaged in an active rearmament program and may again be a major conventional threat to Saudi Arabia in the mid-1990s—the same timeframe in which the M1A2s in the proposed sale will be delivered. Though the active fighting has stopped, Iran is still active in terrorism and subversion against Saudi Arabia.

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[8] Source: *Current Policy* No. 1235, Bureau of Public Affairs, Department of State, December 1989. Clarke testified before the Senate Foreign Relations Committee.

At present Saudi Arabia is working closely with Iraq and supported it during the Iran–Iraq war. Historically, however, Saudi Arabia has had to meet threats from all quadrants, including hostile regimes in the Tigris-Euphrates Valley. The Iraqi Army is a formidable, battle-tested instrument, and like any prudent state, Saudi Arabia must take into account worst-case scenarios to protect its security. It is simply a fact that the Iraqi Army is equipped with over 5,500 tanks—10 times as many as the Saudis—a substantial number of which are top-of-the-line Soviet T–72s.

To the south lies the Marxist People's Democratic Republic of Yemen, or South Yemen, with which the Saudis have a continuing history of border disputes. Ongoing clashes in this region of undemarcated borders require the Saudi Government to position its forces defensively in this area. Rearmed by the Soviets since its 1986 civil war, South Yemen now has over 500 tanks—almost as many as in the entire Saudi inventory.

To deal with these potential adversaries, the Saudis must deploy their two armored brigades and four mechanized infantry brigades to multiple locations on their territorial periphery—thus diluting the impact of what is already a comparatively modest force. Given the manpower limitation on the size of their armed forces that is imposed by the small Saudi population—only about 3.5 million men, with close to half under the age of 15—the Saudis believe that they must depend upon modern technology to offset what is clearly a significant armor threat around their borders.

In view of this situation—both because of the numbers of tanks that could threaten Saudi Arabia and also because of the improving quality of that threat—we believe that the Saudi request for 315 M1A2 tanks is justified. We also believe that satisfying this Saudi request will contribute to the stability of the region by enhancing the ability of the Saudis to deter outside threats.

The Saudis play a leading political role in the region. Most recently they have worked actively to arrange a settlement of the 14-year-old civil war in Lebanon. It should also be recalled that Saudi Arabia worked to achieve Egypt's return to the Arab League with its ties to Israel intact and played an important role in encouraging PLO leader Arafat to make his statements recognizing Israel's right to exist, renouncing terrorism, and accepting UN Resolutions 242 and 338. In regard to the Middle East peace process, the Saudis helped shift the Arab consensus from the "rejectionism" of the 1970s to a search for a "just settlement" which included recognition of "the right of all states in the region to live in peace" as was embodied in the 1981 Fahd Plan.[9] Since then, the Saudis have worked quietly to have these principles reaffirmed in the Arab summits at Fez, Algiers, and Casablanca. With the United States and Pakistan, Saudi support for the Afghan resistance has been instrumental in the Afghan people's struggle for self-determination against the illegal Kabul regime.

We believe that a militarily strong and, therefore, confident Saudi Arabia is more likely to continue supporting these and other moderate positions than is a Saudi Arabia that is weak and exposed to pressures from its more radical neighbors.

We have also considered this sale in the context of our security commitment to Israel. Based on previous Saudi behavior and our understanding of their capabilities and security objectives, this sale will not pose a threat to Israel. The Saudis have never played a significant role in any of the Arab-Israeli wars and are committed to a peaceful resolution of the Arab-Israeli conflict.

As was mentioned earlier, the Saudis must deploy their armored forces to cover multiple threats around their periphery. Our understanding is that the largest number of these tanks will be based in the east and northeast with a lesser number in the south and at Taif in the middle of the country. Only a limited number will be in Tabuk in the northwest where the Saudis have maintained a blocking force as a deterrent against attack on this traditional invasion route from the northern Levant or Fertile Crescent. Let me add that we do not believe Saudi Arabia has any plans for use of these tanks against Israel.

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[9] For text, see *American Foreign Policy: Current Documents, 1981*, p. 704.

Lastly, it would be exceedingly difficult for Saudi Arabia to attack Israel, even if it were so inclined. Not only are Saudi armored forces dispersed throughout the kingdom, they are not postured, equipped, or trained to deploy rapidly across country and, therefore, cannot easily mass to pose a threat to Israel. The mountainous terrain of northwestern Saudi Arabia and the very difficult mountains of southern Jordan through which the tanks would have to pass (there is no common Israeli-Saudi border) are extremely ill-suited to tank warfare. Given the almost total absence of roads in those areas and the resulting choke points, the Israeli Air Force would have little difficulty dealing with any attempt to attack Israel from that direction. As with any sale of U.S. military equipment, the buyer agrees to use the items solely for self-defense. Any violation of such understanding could lead to an immediate cut-off of further deliveries of spare parts, ammunition, and other arms and a withdrawal of O.S. advisers and technicians.

In addition, we do not believe this sale significantly degrades Israel's current ability to defeat the attack of any likely combination of hostile forces in the region. In our view, this superiority is very clear to all Arab States, including the Saudis; the deterrent in Arab minds of a devastating Israeli strike is not going to change as a result of this sale. As a related concern, it has been suggested that the Saudis might loan these tanks to another state for use against Israel. Since such an action would violate the prohibition against the transfer of the equipment to a third party without U.S. Government permission, it would trigger a cut-off of assistance. The recipient country would also face considerable difficulties as it would lack the logistical support system to maintain, and the trained personnel to operate, what is a very complex piece of equipment. For these reasons, we believe that such a loan would be highly unlikely.

While we do not mean to imply that the addition of 315 of the world's finest tanks will not result in a material improvement in Saudi capabilities, we do wish to emphasize that Israel enjoys, and will continue to enjoy, an advantage based on its ability to exploit technology, its superior command and control, maintenance and intelligence, and its high state of training and readiness in combined arms operations that result in a level of combat effectiveness that is unchallenged in the Middle East. This sale will in no way undercut the Israeli advantage.

Finally, I would like to address what I believe to be the most important reason for pursuing this sale: It serves U.S. interests and objectives. Let me first highlight the strategic interests which will be served. As you know, the United States and Saudi Arabia have a 45-year-old security relationship. A major facet of that relationship has been a U.S. willingness to provide the weapons that the Saudis require to meet their legitimate defense needs. It should be noted that although our sales of defense equipment and services to Saudi Arabia have, since the 1950s, totaled over $50 billion, only about 12% (or $5.7 billion) of that has gone to buy actual weapons systems. The rest has purchased nonlethal equipment, construction, and other support services.

This sales component of our security relationship is important, not just because the Saudi ability to pay cash provides a significant economic benefit, but because it enhances the ability of our forces to operate with the Saudi military in time of need. Among the many things that enabled our forces to carry out the difficult Earnest Will Operations in the Persian Gulf in 1987 and 1988 was their ability to work closely with the Saudi armed forces. In addition to the Saudi desire to cooperate with us in that venture, Saudi knowledge of U.S. procedures, as a result of training on U.S. equipment at U.S. military schools, facilitated the coordination of our efforts. Furthermore, the presence of significant quantities of the same types of equipment that are used by the U.S. Air Force and the U.S. Navy ensured that a logistical infrastructure was in place that could be tapped in the event that both our governments determined that to be necessary. In like manner, we believe that the sale of the M1A2 will greatly enhance our ability to work with the Saudi ground forces should the need ever develop. If we do not sell the M1A2, the Saudis will turn to a foreign tank such as the British Challenger II, thus eliminating the possibility of maintaining this link.

In addition to fostering a closer security relationship with the Saudis, we believe that this sale will serve U.S. strategic interests in other ways as well. Obviously, the sale will enhance Saudi Arabia's ability to defend its vast oil reserves, a resource in which we will continue to have a major interest. As was mentioned earlier, we believe that the sale will enhance regional stability by enabling the Saudis to deter the adventures of their more radical neighbors and by reinforcing their willingness to adhere to a moderate foreign policy. By tangibly demonstrating our willingness to assist them in meeting their defense needs, we will strengthen U.S.-Saudi cooperation in the continued pursuit of our shared objectives in the Persian Gulf area and elsewhere in the region. We believe a strong U.S. relationship with Saudi Arabia is not only in our interest but in the Israeli interest as well.

As a final consideration, we believe it important to note that this sale will yield significant economic benefits. This will be a $3.1 billion cash sale which will involve no cost to the American taxpayer. In fact, quite the contrary, the U.S. taxpayer will benefit in several ways. Since there are no offsets, almost the entire amount will be credited against our balance of trade deficit. The estimated 57,000 man years of employment that will result from the tank sale alone—not counting the additional employment that will be derived from other equipment that will be sold—is also important as is the $680 million in savings and revenue that will accrue to the Army and U.S. Government. Additional economic details are outlined in the two background documents that I mentioned at the outset.

In closing, I would like to emphasize that the administration has carefully considered all facets of this sale. It is only because we believe that significant U.S. interests are served by it that we have elected to proceed.

D. Egypt

225. Visit of President Mubarak

Statement by President Bush, April 3, 1989[1]

Well, it was a special pleasure for me to welcome our good friend, President Hosni Mubarak, to the White House this morning. Our personal relationship goes back several years, from the days we were both Vice Presidents, then through my visit to Cairo in 1986, and then our most recent meeting in Tokyo in February. I am glad for this early opportunity to discuss with President Mubarak the vital interest of my administration in moving the peace process forward.

Egypt's pivotal role in the Middle East and our strong bilateral partnership remain key to achieving that goal. President Mubarak's visit is particularly timely. For over 15 years, Egypt has been our partner in the peace process, and 10 years ago, Egypt and Israel signed their historic treaty of peace.[2] Egypt's continued commitment to expanding that peace is a source of great encouragement for all of us who seek a comprehensive resolution to the Arab-Israeli conflict. The reemergence of Egypt as a respected leader of the Arab world attests to President Mubarak's statesmanship and ability, as well as to Egypt's wisdom in pursuing the path of peace. In our discussions, we spent a considerable amount of time talking about the Middle East peace process. We share a sense of urgency to move toward a comprehensive settlement through direct negotiations.

Ten years of peace between Egypt and Israel demonstrate that peace works, and it can work for Israelis and Palestinians as well. There's a need now for creativity, demonstrable commitment and the application of sound principles—creativity in order to look again at old problems and then devise imaginative ways of solving them; commitment to face the challenges and risks of making peace rather than throwing up our hands and giving up; and adherence to sound principles, like the United Nations Security Council Resolutions 242 and 338. A new atmosphere must be created where Israelis and Arabs feel each other's willingness to compromise so that both sides can win. Violence can give way to dialog once both sides understand that the dialog will offer political gain. Egypt and the United States share the goals of security for Israel, the end of the occupation, and achievement of Palestinian political rights. These are the promises held out by a sustained commitment to a negotiated settlement toward which a properly structured international conference could play a useful role at an appropriate time.

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[1] Source: *Weekly Compilation of Presidential Documents*, April 10, 1989, pp. 466–467. For text of President Mubarak's statement, see *ibid.*, pp. 467–468. President Bush spoke at 12:10 p.m. in the Rose Garden at the White House following a meeting with President Mubarak in the Oval Office. Mubarak made an official visit to Washington April 1–5.

[2] For text of the Framework for Peace in the Middle East, agreed by Egypt and Israel in Camp David, Maryland, and signed in Washington, September 17, 1978, see *American Foreign Policy: Basic Documents, 1977–1980*, pp. 653–657.

We also had a chance to review some important elements of our own bilateral relationships. They've been sealed at the highest levels, these special ties that we have with Egypt. They're forged by the global imperatives of peace, stability, and development in the region. They are strong and flexible, reaffirmed by every administration, and resilient to withstand turbulent times for the region and for the world.

President Mubarak enjoys our full support as he implements courageous reform measures to strengthen Egypt's economy for future generations. And under the inspired stewardship of President Mubarak, Egypt has grown in stature and in strength, and we in the United States welcome this development. We are proud of our partnership with Egypt, and I look forward to working closely with President Mubarak in carrying out our common vision of peace, stability, and development in the Middle East.

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226. U.S. Policy and Assistance to Egypt

Prepared Statement by the Deputy Assistant Secretaries of State for Near Eastern and South Asian Affairs (Walker and Burleigh), April 19, 1989 (Extract)[3]

. . . .

A strong, stable Egypt is central to U.S. strategic interests in the Middle East. Egypt's leadership in the Arab-Israeli peace process, its influence as a force for moderation in a turbulent region, and its support for peaceful resolution of regional conflicts are all congruent with U.S. values and objectives. The broad-based bilateral relationship we enjoy today with Egypt is due in no small part to the breadth of our economic and security cooperation efforts over the past decade.

Egypt remains fully committed to peace and to a stable bilateral relationship with Israel. Over the past year, Egypt has regained its central position in the Arab world; all but three Arab States have reestablished diplomatic relations with Cairo. Most important, Egypt has made no concessions to regain its position in the Arab world—a clear signal that a commitment to peace can yield solid political dividends.

Internally, Egypt's most pressing problem remains the economy. Egypt's budget and balance of payments remain deeply in deficit. Debt rescheduling benefits expired in June 1988, and arrears on external debts are mounting steadily. The balance-of-payments picture is especially troubling, with higher world grain prices, debt service, and lower oil proceeds combining to squeeze available foreign exchange resources.

Within the last few weeks, the Government of Egypt has outlined a series of reform measures which touch on almost every sector of the economy, and which, taken together, are an important indicator of Egypt's awareness that all sectors need reform and that adjustment is a comprehensive process. We believe that this program represents an important step in the right direction and deserves our support. The Egyptian Government can certainly build on it as it constructs a complete economic reform program to provide sustained economic growth. Reaching that goal will require further steps by the Egyptians in the coming months and years. For example, they will need to continue to reduce the budget deficit and to continue with the steps they have taken to bring energy and food prices in line with international standards.

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[3] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 7, pp. 806–810. Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, David R Obey, presided over the session. For other extracts from this statement, see Documents 197, 221, 240, 245, and 267.

We are also continuing to encourage Egypt to consolidate these reform efforts into a program that can command the broad support of the IMF, the World Bank, and the Western donor community. A new IMF program could then pave the way to another debt rescheduling which would provide critical relief to Egypt's balance of payments.

For fiscal year 1990, the administration is requesting a total of $2.3 billion in combined military, economic, and food assistance to Egypt. These levels—while high in an era of scarce resources—are vital to help meet Egypt's most urgent security and economic requirements, thereby supporting important U.S. goals and interests in the region.

Our FMS financing request of $1.3 billion in grant assistance will permit the Egyptians to continue to meet their urgent military modernization needs. Designed to facilitate Egypt's replacement of aging, obsolete Soviet equipment with fewer but better quality U.S. items, the modernization program has focused heavily on armor and air requirements.

Our $815 million ESF request for Egypt balances support for Egyptian economic stabilization and development objectives. For balance-of-payments support, we plan to allocate a portion of our ESF program in the form of a cash grant. In addition, our commodity import program will provide balance-of-payments support by funding imports of American manufactured goods and other commodities. The remainder of our ESF will be assigned to project and sectoral programs designed to promote growth-oriented development in the productive sectors of the economy. We will also recommend $160 million in P.L. 480 food aid for Egypt in FY 1990.

As you know, our plans for disbursing cash transfer assistance from FY 1988 and FY 1989 have received a great deal of attention in recent weeks. We have agreed that U.S. cash transfer assistance will be available to support implementation of the reform measures the Government of Egypt discussed with us before and during the Mubarak visit. We plan to continue our close communications with the subcommittee as we move toward disbursing these funds. At the same time, we believe it is vitally important for our bilateral relationship with Egypt that we have the capacity to respond flexibly to Egypt's needs. Accordingly, we urge the subcommittee to remove existing restrictions on cash transfer assistance to Egypt in the FY 1990 legislation.

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227. Economic Support Funds and Egypt's Economy

Prepared Statement by the Assistant Administrator for Asia and Near East, Agency for International Development (Adelman), April 19, 1989 (Extract)[4]

. . . .

$815 million of ESF is requested to assist Egypt with economic reform and social development.

Egypt remains central to our primary objectives of regional peace and stability. But there is also a strong economic and development rationale for our assistance program.

Egypt's short-term economic prospects are of serious concern. During this past year, overall growth has declined resulting in a slight decrease in per capita income.

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[4] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 7, pp. 842–846.

There is evidence that unemployment and inflation are rising. The country confronts a large foreign debt which imposes an immense debt service burden. Government controls on Egypt's productive activities, while somewhat lessened, continue to hamper development. The reform targets indicated in the 1987 IMF Standby Arrangement have not been reached. Although reform progress continues in some selected sectors, such as tourism and agriculture, overall progress has slowed.

Significant areas requiring attention include moving toward market pricing in energy and industry, establishing competitive interest and exchange rates, reducing the budgetary deficit, and liberalizing governmental controls. Reforms in these areas are critical to revitalizing Egypt's economy and laying the basis for sustained growth. We support the IMF and World Bank efforts to stimulate reform. However, even with a serious reform program, medium-term recovery of the Egyptian economy will not be easy. It will require the concentrated cooperation of Egyptian officials, international institutions, and bilateral donors.

The Egyptians have recently proposed new reform measures which include liberalization of the industrial and agricultural sectors as well as ways to reduce the budget deficit. Implementation of these reform measures would greatly strengthen Egypt's economy and the United States has indicated its support of these efforts. We understand there have been similar discussions with the IMF and World Bank and while the measures were not yet sufficient to reach agreement on a Standby Arrangement, they are believed to be important steps to addressing Egypt's reform needs.

In broad terms, AID's strategy in Egypt is to help increase economic growth and productivity, particularly in agriculture and industry, by removing the constraints to the operation of market forces, while assisting the GOE in maintaining basic services to its people. The key elements of this growth strategy are:

—economic reform to provide the incentives for production increases and an expanded role for the private sector;

—science and technology to provide the means to increase production and productivity; and

—cost-recovery in provision of legitimate government services, to promote efficient use and reduce the budgetary burden.

Major attention will continue to be given to supporting Egypt's macroeconomic reform program. We plan to provide fast disbursing assistance in the form of commodity assistance ($200 million) and, provided economic reforms are sufficient, cash transfers ($115 million) to help meet severe balance-of-payments pressures. Programs for promoting macro and sector policy reform programs are also critical to fostering sustained economic growth.

Agriculture and private industry are sectors which offer considerable potential for growth, employment, and improved productivity. In addition to work in irrigation and agricultural research, important agriculture policy reforms are supported under the Agricultural Production and Credit project. These will continue in FY 1990. For the private sector, AID supports policy changes focused on improving the investment climate and decreasing excessive Government controls. A private enterprise sector project in FY 1990 will establish a policy reform framework to address private sector constraints. The newly established Partnership in Development project will develop procedures for transfer of state-owned enterprises to the private sector. The Private Sector CIP will continue to procure U.S. equipment and material.

Development of human resources involves investments in health, population, and education. In the health sector, AID is helping to establish a more rational health financing system with greater private sector participation and is supporting the expansion of private medical practices and health delivery systems. Population efforts will emphasize establishing more effective policies and technical and financial support for large-scale, nationwide information and delivery systems. AID also plans a major follow-on to the Basic Education project which will endeavor to improve the quality, relevance and efficiency of the basic education system through helping to establish a National Curriculum Center, an education planning unit and an educational facilities planning unit.

In addition, AID will continue to help improve the efficiency of Egypt's large infrastructure, particularly with operation and maintenance and cost recovery. If energy prices continue to increase, AID will provide incremental funding under the Power Sector support project. Finally, AID is setting aside resources to continue support of local development activities managed by the governorates and local councils.

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228. U.S. Defense Relations With Egypt

Prepared Statement by the Deputy Assistant Secretary of Defense for Near East and South Asian Affairs (Gnehm), April 19, 1989 (Extract)[5]

In addition to strengthening Egypt's ability to function as a major political force in the region, our bilateral security relationship has become one of mutual benefit to both our militaries. Since 1980 our bilateral exercise program, highlighted by the combined exercise Bright Star, has provided significant benefits in training for U.S. Forces. Thousands of our soldiers have experienced the unique opportunity to train realistically in the difficult Middle East environment. Egypt also provides operational support for U.S. ships in the Mediterranean Sea and Indian Ocean. Ships from the U.S. Navy's 6th Fleet make regular calls at Egyptian ports and use local facilities for routine maintenance. For our Persian Gulf operations U.S. Navy assets routinely transit the Suez Canal enroute to the Indian Ocean and Arabian Sea.

As an outgrowth of the Peace Treaty, the Egyptian Armed Forces, with the assistance of the United States, embarked upon a military modernization program highlighted by their conversion from a large, Soviet-equipped and trained force to a smaller one of Western (primarily U.S.) orientation. They have streamlined their forces and traded quantity for quality in acquiring modern military systems from the U.S. and other Western suppliers. The overall result has been an effective and efficient force with a distinct Western orientation.

The current FMS funding level for the Egyptian program is $1.3 billion annually. Although Egypt is requesting an increase in assistance levels, we have told them that an increase is very unlikely given our current budget constraints. Therefore, we are working closely with the Egyptian Ministry of Defense in an effort to best utilize the current FMS funds available.

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E. Iran

229. U.S. Policy Toward Iran

Daily Press Briefing by the Department of State Spokesman (Redman), January 30, 1989 (Extract)[1]

. . . .

Q. Does the State Department see anything new or interesting in the various statements coming out of Iran?[2]

A. I don't have any particular evaluation to offer at all, no. I think the President has spoken a number of times in his remarks about some issues. Beyond that, concerning our own position, I would repeat it, which is we have repeatedly stated our willingness to engage in authoritative dialog with responsible representatives of the Iranian Government. We have also said, if we had to get such a dialog going, we would want to talk about an end to the Gulf war—an issue which is still relevant despite the cease-fire; a cessation of Iranian support for terrorism; and about the hostages. The Iranians may have things they want to talk about as well.

I notice there were a number of remarks about the Claims Tribunal—in some cases, indicating there were some "undisputed" assets. I have asked our legal experts to look at that, and the assets in litigation at the Tribunal are all disputed. For example, concerning the military property Iran owns in the United States, the Tribunal decided the United States was not obligated to return it to Iran, but to pay its value as of March 1981. We are currently trying to determine this value for the thousands of items involved, and Iran and the United States will each be filing its position on value to the Tribunal in due course. It's a complicated matter, and it's not "undisputed."

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[5] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 7, pp. 855–856.

[1] Source: Office of Press Relations, Department of State. The briefing began at 12:23 p.m.

[2] For Iranian President Ali Khamenei's conditions for resuming relations with the United States, see Foreign Broadcast Information Service, *Daily Report: Near East and South Asia*, January 27, 1989, p. 62.

Concerning Iranian funds—which was another thing mentioned in these recent stories, we're not aware of any such funds where a so-called "undisputed" amount is owed to Iran.

Q. Is the administration considering making a token payment, for example, to the victims aboard the Iran airplane?[3]

A. Again, the status on that would be we remain committed to the offer made by President Reagan to provide ex gratia compensation to the families of the victims. We're still obtaining information on the families of the passengers. For the non-Iranian family members, we are in contact with their governments on the matter. For the Iranian family members, we're trying through diplomatic channels to gather information on the Iranian families in Iran, but so far it has not been possible to do so. The Iranian Government could be helpful in that regard, but so far, has not responded through those diplomatic channels.

We're in the process of developing a complete compensation plan, and intend to consult with the Congress as soon as we've done that. There are, of course, a number of issues concerning who should receive compensation, the level of compensation, the most effective method of distributing compensation, and applicable authority and source of funding.

. . . .

230. "We Take Seriously the Threats Which Have Emanated From Tehran"

Statement by the Acting Coordinator for Counterterrorism, Department of State (Adams), March 8, 1989 (Extracts)[4]

I appreciate the opportunity to review the Rushdie affair with you and members of your subcommittee. This affair is extremely complex in its weave of domestic and foreign dimensions and highly volatile, given the profoundly sensitive political and religious nerves it strikes.

We want to make it clear from the outset that we are absolutely committed to freedom of expression, which we consider a fundamental human right. This is a right shared by people around the world. Furthermore, it is specially affirmed for Americans in our Constitution. We—all of us represented here and others in the Federal government—will do whatever we can to protect this right.

We take seriously the threats which have emanated from Tehran concerning Salman Rushdie's book *The Satanic Verses.* The reaction against the book already has spawned considerable violence in South Asia and may well have motivated the February 28 firebombings of two bookstores in Berkeley, California, and the Riverdale Press in New York City. We consider the threats against Mr. Rushdie and his book to be an invitation to commit an act of terrorism, unprecedented in contemporary international behavior. The calls by the Iranian leadership for Mr. Rushdie's murder are made all the more repugnant by the specter of the offers of a massive reward.

At the same time, in addressing these threats, we must take a clearheaded view, cooly assessing their nature and crafting an effective response to them. This is not the first time we have faced serious threats from Iran or other states which support international terrorism. It will not be the last.

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[3] Regarding the destruction of Iran Air Flight 655 by the U.S.S. *Vincennes* on July 3, 1988, see *American Foreign Policy: Current Documents, 1988,* pp. 443–448, 452, and 456–458; and Document 232.

[4] Source: Department of State *Bulletin,* May 1989, pp. 78, 79–80. Adams testified before the Subcommittee on Terrorism, Narcotics, and International Relations of the Senate Foreign Relations Committee.

What we need to do, and what we are doing, is to apply longstanding principles and tactics developed to deal with threats of terrorism. They include firmness in the face of attempted intimidation and a measured response coordinated with our friends and guided by an effective and realistic strategy.

We are responding to the Rushdie affair in a number of ways. I will elaborate on them as well as discuss the genesis of the threat later in my testimony. The basic principles which guide our responses are:

—Without regard to the merits of the book, the threat to Mr. Rushdie, his publishers, and booksellers constituted totally unacceptable behavior by the leader of a state;

—While uncertain of the precise impact of these threats and public offers of a reward for murder, we took the threats seriously;

—Given the threat against Americans in Pakistan, both diplomatic and security responses were in order on our part; and

—Our responses called for prior consultations with other countries which were even more directly threatened than we, particularly the United Kingdom as Mr. Rushdie is a British citizen and resident.

. . . .

On another front, we also are dealing with the security aspects of the Iranian threat, trying to assess potential threats more fully, and taking precautions where indicated. There are basically two dimensions to these threats raised by the Iranian statements. One is potential action by individuals reacting on their own to the descriptions of Mr. Rushdie's book but inspired by the Iranian rhetoric and stimulated by the offer of a reward for killing the author. The second dimension of the security threat emanates from the possibility of more professional operations organized by the Iranians or their surrogates in the event organs of the Government of Iran itself actively follow up on the death threat.

In assessing the threats, clearly Mr. Rushdie is the most apparent target. His life is in danger; both he and the British authorities must assume that someone may actively try to carry out the threat against him. Given Mr. Rushdie's nationality and residence in the United Kingdom, British interests are perhaps the next most likely target, at least from individuals reacting to Iran's rhetoric.

In view of the demonstrations which already have taken place against the U.S. cultural facilities in Islamabad and a number of threats which have been made against individuals and business enterprises in the United States, we are also a potential target. With respect to overseas facilities, the State Department advised all diplomatic posts in the most likely threatened areas that the possibility of anti-U.S. activity existed. Posts were advised to report to the Department on local reactions to the Rushdie affair. U.S. aviation security already has been heightened in the aftermath of the Pan Am 103 bombing, and any additional threats continue to be thoroughly evaluated.

As for the future, it is difficult to tell how this situation will evolve, whether the threats by Iran and the violence it has provoked will fade or whether there will be attacks actually linked to organs of the Government of Iran. In the latter event, President Bush already has made clear that Iran will be held accountable.

As long as the Government of Iran continues to act with reckless abandon and total irresponsibility, Tehran must continue to face, at a minimum, heavy criticism and isolation. This incident is not the only conduct that isolates Iran and disqualifies it from normal relations with the rest of the world. The Government of Iran continues its broader policy of support for international terrorism, including support for those holding hostages in Lebanon. We find this policy abhorrent and unacceptable. It will have to stop if Iran wants to become a member of the international community.

Many Muslims feel offended by this work. But no individual has the right to incite the murder of another for what he thinks and writes. Islam, along with Christianity and Judaism, is one of the world's great monotheistic religions, with a deep reverence for human life. One of the sadder aspects of this sad affair may be that it has tended to obscure some of the basic precepts of Islam.

Document 230

One final point: In our outrage over Iran's behavior, it is important that we not erroneously assume that it involves a fundamental conflict between Islamic and Western values. The book, *The Satanic Verses*, uses Islamic themes and symbols for imaginative and artistic purposes. In the process, its author has offended many Muslims and others. But the conflict here is not between those who like the book and those who don't. Nor is our quarrel one with Islam. It is with those in Iran who apparently believe that in the name of Islam, they have the right to incite to murder and who, by this repugnant behavior, have isolated themselves from the majority of Muslims and mankind.

In conclusion the responsible members of the international community are united in our condemnation and outrage against incitement to murder and threats to bookstores and publishers and to free speech itself. Senator Moynihan's resolution, S. Res. 69, underscores that point. We will not and cannot tolerate threats to murder and efforts to exercise our fundamental rights.

We hope that the Iranian leadership will realize quickly that inciting violence is very much against Iran's own long-term interest, destructive of its international image, and puts at grave risk its relationships with other countries.

For our part, we will be monitoring the situation closely and reaffirming our dedication, as we have here, to the protection of American citizens and American rights. We will also continue to work to deter anyone from converting threats into further violence.

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231. Death of the Ayatollah Khomeini

Statement by the President's Press Secretary (Fitzwater), June 4, 1989[5]

The official Iranian news agency has confirmed the death of the Ayatollah Khomeini. With his passing, we hope Iran will now move toward assuming a responsible role in the international community.

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232. *Ex Gratia* Payments to the Victims of Iran Air Flight 655

Department of State Press Briefing, July 17, 1989 (Extract)[6]

Senior State Department Official. Good afternoon. As you know, on July 3, 1988, the U.S.S. *Vincennes* came under attack by Iranian gunboats while operating in international waters in the Gulf and shot down Iran Air Flight 655. On that day, the *Vincennes* had sent a helicopter on patrol in international airspace in response to indications that approximately a dozen Iranian small boats were congregating to continue an earlier attack on neutral shipping. A group of Iranian boats fired on the U.S. helicopter.

Shortly thereafter, as the *Vincennes* and another U.S. Naval vessel were approaching the Iranian boats, some of these boats which fired on the U.S. helicopter turned toward and began closing on the U.S. warships.

Both U.S. warships engaged the attacking gunboats. In the course of the surface engagement, an unidentified aircraft was launched from a nearby military airfield and rapidly closed on the *Vincennes*. Firmly believing the approaching aircraft was part of a coordinated attack on the U.S. warships, the *Vincennes* fired in self-defense at the steadily approaching aircraft. This was done after sending repeated warnings, to which the aircraft and Iranian air traffic control did not respond.

Tragically, that aircraft was Iran Air Flight 655, a civilian airliner carrying 290 passengers and crew from six nations. The United States announced immediately that it deeply regretted the loss of life in this incident, caused in no small part by Iran's aggressive conduct.

The United States is not liable under international law for incidental damage caused by the lawful exercise of self-defense. Nonetheless, on July 11, 1988, President Reagan announced[7] that, in accordance with the humanitarian traditions of our nation, the United States would offer compensation on an *ex gratia* basis to the families of the victims of Flight 655 who included not only citizens of Iran but also citizens of India, Italy, Pakistan, Yugoslavia, and the United Arab Emirates.

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[5] Source: *Weekly Compilation of Presidential Documents*, June 12, 1989, p. 839.

[6] Source: Department of State files. This briefing was conducted on background by a senior Department of State official, beginning at 3 p.m.

[7] See *American Foreign Policy: Current Documents, 1988*, p. 444.

During the past year, the United States has undertaken its own investigation and has cooperated fully with the International Civil Aviation Organization, ICAO, investigation into this incident. At the same time, the United States has gathered information on Flight 655 victims and their relatives for purposes of developing an appropriate plan for paying *ex gratia* compensation.

On July 10, 1989, the United States instructed its Embassies in India, Italy, Pakistan, Yugoslavia, and the United Arab Emirates to approach the governments in those countries, proposing that specific payments be accepted on behalf of their nationals.

In general, the United States has offered to pay $250,000 per full-time wage-earning victim, and $100,000 each for all other victims. The amounts allocated each family member from these payments vary according to the number of family members and their relationship to the deceased.

As is usual in these matters, before making *ex gratia* payments, the United States will receive standard waivers of any claims against the United States and its nationals arising from the incident.

The same offer has been communicated to the Government of Iran. Unfortunately, during the past year the Government of Iran has ignored repeated efforts by the United States to obtain information on the families of the Iranian victims. The United States stands ready to make payments to these families so long as the Government of Iran permits an appropriate intermediary to distribute the funds to the families.

That ends my statement, and I am prepared to answer any questions you may have.

Q. Could you explain why the United States is asking—is offering less than it asked for the victims of the *Stark*?[8]

A. We see, other than the fact that there were tragic deaths involved in both situations, no similarity between those cases. In the case of the *Stark*, the attack on the *Stark* had no justification in self-defense. There had been no prior contemporaneous attack by U.S. or any other forces at that time which had occurred against Iraqi forces in the area, nor was the Iraqi jet under an imminent threat of attack, and no basis existed for the pilot to infer such an attack, such a danger. Therefore, the attack on the U.S.S. *Stark* cannot be construed as a legitimate exercise of self-defense.

In addition to that, the U.S.S. *Stark* twice notified the Iraqi aircraft that it, the aircraft, was approaching a U.S. warship. The Iraqi jet had ample time to identify the U.S.S. *Stark* and determine whether it was a legitimate military target.

I might add, in addition to that, that that led Iraq in its note to us to state that the Government of Iraq informed the United States that respectful of the requirements of international law and concerns for the good relations with the United States of America and the friendship between the Iraqi and American peoples agrees to give compensation.

We regard Iraq as legally obligated to pay compensation in the case of the U.S.S. *Stark*, whereas we regard ourselves as paying *ex gratia*. When you pay *ex gratia*, it is inherently discretionary as to the amount you pay, and this is a generous amount for an *ex gratia* payment, given the fact that other standards—for example, the standards applied in civilian aircraft disasters under the Warsaw Convention[9]—range from $20,000 per victim to $70,000 per victim for a flight originating and terminating in the United States.

Q. How were these figures arrived at?

A. How was the $100,000 and $250,000 figure arrived at? Could I just add one other thing about the U.S.S. *Stark*? We had very extensive information that was given to the Iraqi Government with respect to each victim. The relative youth of each victim, the fact that most of the victims were young fathers supporting wives and children, had relatively—i.e., relative to most of the people who were killed in the Iran Air disaster—high incomes; and, therefore, the present value of the support streams that they would have paid—would have been expected to pay those people they were supporting; their spouses and children—was much, much higher than would have been anticipated in the present case.

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[8] Reference is to Iraq's attack on the U.S.S. *Stark* in the Persian Gulf on May 17, 1987; see *ibid., 1987*, pp. 421–423. For text of the U.S.–Iraq Agreement Concerning Claims Resulting from the Attack on the U.S.S. *Stark*, see Document 236.

[9] Convention for the Unification of Certain Rules Relating to International Transportation by Air, concluded at Warsaw October 12, 1929, entered into force February 13, 1933, for the United States October 29, 1934; see *Treaties and Other International Agreements of the United States of America, 1776–1949*, compiled by Charles I. Bevans, Vol. 2, pp. 983–997.

The numbers $250,000 and $100,000 were arrived at after extensive discussion within the government by all the agencies involved and represent our best judgment as to what is a fair and reasonable amount.

Q. Assuming that Iran one day does answer, do you have any idea of the range of the total package of compensation?

A. We don't want to try to be specific about that, because it will depend upon whether how many wage-earners we end up from Iran with, and how many people are not wage-earners, and also end up with some people who may have no relatives at all. Some people that might have been killed would have no beneficiaries whatsoever.

However, if the proportion of wage-earners to non-wage-earners for Iranians holds up to be roughly what it is for the non-Iranians, the package will total roughly $30 million.

Q. And does that have to be appropriated by Congress?

A. No. Eventually, the money is appropriated by Congress in the sense that it's paid by Congress into the Judgment Fund. But there is no need for a special appropriation to settle disputes or cases or other matters. There are now three pending cases in the United States relating to this matter, plus a case pending in the International Court of Justice that was filed about a month ago—2 months ago.

The Department of Justice has agreed with both the Department of Defense and the Department of State that the Judgment Fund is available to pay these claims; and, therefore, there will be no need for an appropriation.

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233. United States To Contest Iranian Airbus Claims

Statement Issued by the Department of State, August 15, 1989[10]

On May 17, 1989, the Government of Iran brought suit against the United States in the International Court of Justice, alleging various breaches of international law arising out of the tragic shootdown last July of Iran Air Flight 655 by the U.S.S *Vincennes*. President Bush has determined that the United States should appear and litigate Iran's claims.

In its complaint to the Court, Iran alleges that the United States violated particular provisions of the 1944 Chicago Convention on International Civil Aviation,[11] and of the 1971 Montreal Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation.[12] Iran alleges that the ICJ has jurisdiction to decide the case under the dispute settlement provisions of the two Conventions, each of which provides for recourse to the Court in the event of a dispute over its interpretation or application. This case thus does not involve the Court's so-called "compulsory" jurisdiction from which the United States withdrew in 1985.[13] Rather, Iran is claiming that the United States and Iran have both specifically agreed to the Court's jurisdiction over this dispute.

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[10] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to a question asked at the Department of State Daily Press Briefing earlier that day.

[11] Convention on International Civil Aviation, done at Chicago December 7, 1944, entered into force April 4, 1947; *Treaties and Other International Agreements of the United States of America, 1776–1949*, compiled by Charles I. Bevans, Vol. 3, pp. 944–971.

[12] Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation (Sabotage), done at Montreal September 23, 1971; entered into force January 26, 1973; 24 UST 564.

[13] Regarding the U.S. withdrawal from the proceedings of the ICJ, see *American Foreign Policy: Current Documents, 1985*, pp. 220–221. See also Department of State *Bulletin*, January 1986, p. 67, for the letter from Secretary Shultz to U.N. Secretary-General Perez de Cuellar on October 7, 1985.

The United States admitted responsibility for having shot down Iran Air Flight 655, and promptly undertook to offer *ex gratia* compensation to the victims' families. That process is underway. The United States firmly believes, however, that it acted lawfully, and that it has no legal liability to Iran, Iran Air, or the survivors of the victims. At the time of this tragedy, the U.S.S. *Vincennes* had been defending itself against attacking Iranian surface craft, and its commander reasonably believed that the approaching aircraft likewise was hostile and posed an immediate threat to the safety of his vessel and its crew. Under the circumstances, the *Vincennes* had the inherent right, recognized in international law, to take necessary action to defend itself against this perceived threat. It should also be remembered that Iran had persisted in conducting civilian passenger operations over the Gulf despite the hostilities there and despite every effort on the part of the United States to warn aircraft operators of the risks in doing so.

The Council of the International Civil Aviation Organization (ICAO) considered the incident in depth at Iran's request. Iran claimed then, as it does in its suit in the ICJ, that the United States intentionally shot down Iran Air 655, knowing it was a civilian aircraft. After a thorough investigation in which the United States cooperated fully, the ICAO Council rejected Iran's claims. On March 17, 1989, it adopted a resolution that recognized the accidental character of the event and refused to condemn the United States for its actions.[14]

The President has approved Secretary Baker's recommendation that the United States appear and litigate the Iran Air case to its conclusion. On August 9, Acting Secretary Kimmitt sent a letter to the Court informing them that State Department Legal Adviser Abraham D. Sofaer had been appointed as the U.S. Agent for the case.

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234. Partial Settlement in the U.S.-Iran Claims Tribunal

Daily Press Briefing by the Department of State Acting Spokesman (Boucher), November 7, 1989 (Extract)[15]

. . . .

Q. The President said this morning[16] that he's hopeful that the payment made to Iran concerning the claims could lead the way to the eventual release of the hostages, and the official line here all along has been that there is no link between those two items. Do you want to elaborate on what the President said this morning?

A. No.

Q. No?

A. I have no—I mean, I watched it. I'll have to read the transcript again and see if I find any differences. But I find no difference between what we've been saying.

Q. He seemed to suggest that there was a link between the two.

A. I would read his transcript again. I really don't find any—

Q. Could you tell us, Richard, why the funds were released?

A. Maybe I should give you all the details that I have on what's known as Dollar Account No. 2. Judge Sofaer was out in The Hague last week on the 2d and 3d in connection with his responsibilities as regards the U.S.-Iran Claims Tribunal.

While he was there, as he has done before, he met with Iranian officials to discuss these Tribunal issues and settlement of a number of outstanding U.S. and Iranian claims. These are technical, legal talks under the Tribunal.

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[14] For text, see *International Legal Materials*, Vol. 28, No. 4 (1989), p. 898.

[15] Source: Office of Press Relations, Department of State. The briefing began at 12:13 p.m. For a summary of the claims settlement process, see Department of State *Bulletin*, November 1989, p. 60.

[16] For President Bush's November 7 statement, see *Weekly Compilation of Presidential Documents*, November 13, 1989, pp. 1689–1690.

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What they did was they reached agreement to settle what's called Dollar Account No. 2. This is an escrow account created under the 1981 Algiers Accords[17] from frozen Iranian funds for the purpose of paying nonsyndicated Iranian debts to American banks. The account is actually held by the Bank of England.

Under the Accords, once these bank claims are resolved, the remainder in the account is to be returned to Iran. Almost all the remaining bank claims have now been resolved against this account, and over $818 million remains in the account.

Q. How much again?

A. $818 million. So we reached an agreement with Iran on the disposition of these Iranian funds. We wanted to have a substantial portion used for the benefit of American claimants rather than simply being returned to Iran. So Iran has now agreed to transfer $243 million from Dollar Account No. 2 to what's known as the Security Account.

The Security Account is maintained under the Algiers Accord for the payment of Americans who receive awards from the Iran–U.S. Claims Tribunal in The Hague. This Security Account is actually held by the Dutch Central Bank.

Had we not reached agreement with Iran, the Tribunal ultimately would have required that the entire remainder of the Dollar Account No. 2 be returned to Iran without any benefit to U.S. claimants.

So that's the principal thing that he was out there for, that he was able to settle, was the disposition of these remaining Iranian funds in an account where the claims had been settled.

Q. Richard, is the $818 million remaining in that account the entire remainder of the frozen Iranian assets? In other words, is that the only account in which Iranian assets have been—

A. No. There are other accounts. I do have a rundown of other accounts. I know what you're going at, John, and I have to stop you right here and say I can give you a lot of information, but I can't answer the question that you're going to want an answer to in the end, and that's how much is left, because one of the accounts—the Security Account that I referred to—requires that it maintain a balance of $500 million. And so there is an obligation, whenever the claims are paid out of that account and bring it below $500 million, it has to be replenished. So you can't say how many replenishments there might be in the end.

But let me go through some of this, just going through the whole other accounts question.

Under the Algiers Accords, there's a Security Account, which I was just talking about, that was established to pay awards to U.S. claimants. That account is held in the Netherlands and is currently at $500 million. Iran must replenish it whenever it falls below this amount. So once the funds from Dollar Account No. 2 are transferred and added to the current total of $500 million, this Security Account will hold more than $740 million.

The interest on the account is kept in a related account in the Netherlands, which is currently at $94 million. There is also a trust fund being held in the United States which was established for the Iranian foreign military sales program. Money was paid into this account under 2,800 contracts over 15 years, and the fund was drawn down as the contracts were implemented.

Iran claims that it is now due the balance remaining in this trust fund, but the amount in question for us involves legal and accounting issues. It's fairly complex, and it is being arbitrated in the Claims Tribunal.

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[17] For texts, see *American Foreign Policy: Current Documents, 1981*, pp. 737–746.

Document 234

235. Future U.S. Policy Toward Iran

Statement by the Assistant Secretary of State for Near Eastern and South Asian Affairs (Kelly), November 9, 1989 (Extract)[18]

. . . .

Mr. Chairman, the hostility of the Iranian Government toward the United States is the result of a complex set of historical and cultural circumstances within Iran. In the most basic sense we are not responsible for this hostility—and we can't do away with it by our actions alone.

What we can do, of course, is to construct a policy toward Iran which is designed to deal with the effects of Iran's hostility, while making clear that we are fully prepared to respond to improvements in Iran's behavior. The basis of such a policy must be the law of reciprocity. The President framed that policy only minutes into his administration: "good will begets good will."

Before I address the elements of the policy which are in place, let me turn for a moment to the situation which faces Iran's leaders. It is instructive, I think, to consider the world from the perspective of Tehran.

The Iranian leadership faces a daunting task on all fronts. Iran's economy is in a shambles, the result both of 8 years of war and gross mismanagement. President Hashemi-Rafsanjani and his new cabinet confront high expectations on the part of the Iranian people. After a decade of internal turmoil and war, the people of Iran long for stability and an end to economic hardship. Over a year after the cease-fire with Iraq, serious reconstruction of Iranian cities and towns has yet to begin.

Economic policy continues to vacillate, as President Hashemi-Rafsanjani seeks to strike a balance between those within the system who favor state control of the economy, and those who believe in giving private capital a greater role.

A 5-year plan has been submitted to the Iranian parliament for approval, but it has yet to be adopted. Meanwhile, inflation is continuing at a rate of at least 40%. Rationed items are largely unavailable, as they are siphoned off into the black market and sold at 5 to 10 times the subsidized price, adding to the privations of the urban and rural poor. Exiles with skills which are badly needed have yet to return in significant numbers.

The petroleum industry, which is the backbone of Iran's economy, needs an infusion of capital and technology in order to maintain oil production at a rate of just under 3 million barrels per day and to modernize the oil sector. Iran's birth rate is among the highest in the world, adding a million to the population every 7 months.

President Hashemi-Rafsanjani has made the economy his top priority, recognizing that he must begin to meet the expectations of the Iranian people or face a backlash which could threaten the foundations of the regime itself.

Iran's external security is also questionable. The cease-fire with Iraq appears to be solid, but no progress has been made in negotiating the implementation of Security Council Resolution 598, despite the efforts of United Nations Secretary-General Perez de Cuellar. The Iraqi Army, thanks to lavish supplies of some of the most advanced Soviet equipment supplied to any state outside the Warsaw Pact, is in a position to pick up where it left off in the last months of the war, when Iran's military began to crumble. For all the bravado of Iran's leaders, this fact is certainly not lost on them. Moreover, President Hashemi-Rafsanjani's visit to the Soviet Union in June has not led to Soviet pressure on Iraq or to counterbalancing Soviet arms supplies to Iran.

These problems are not insurmountable. But determined Iranian leadership is required to deal with them, and divisions among the senior leaders of the clerical establishment are apparent. Iran is governed within a constitutional framework by a small group of clerics hardened to political activity by their resistance to the Shah's regime. Their experience of the outside world is often limited. Belief in conspiracies is prevalent among them. Their great achievement, 10 years after the Iranian Revolution, has been the institutionalization of the Islamic Republic. In order to stay in power, they have successfully submerged their differences and rivalries. This has often been at the cost of inaction. They allowed the war with Iraq to continue long after it could have been ended. They failed to intimidate the Arab Gulf States into abandoning Iraq. Their conviction that the Iranian model would sweep everything before it in the Islamic world has not been born out by events. Only in Lebanon have they had some success in exporting their violent ideology with the expansion of Hizbullah.

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[18] Source: *United States-Iranian Relations: Hearing Before the Subcommittee on Europe and the Middle East of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1990), pp. 4–13.

Mr. Chairman, there are factions within the Iranian regime, of radicals and moderates, pragmatists, and ideologues. It is also true when expediency requires it. Iran's leaders can move back and forth from one pole to the other. Concealed in these ideological divisions is the fear of the leading clerics that one of their number will gain the upper hand, and establish his unquestioned dominance. Thus the pattern of allegiance tends to shift, and the radical of one day can become the moderate of another. I was amused to read in one of our leading newspapers a few days ago the following statement by an Iran expert: "Being the pragmatist he is, Rafsanjani may move in the end to become the leader of the radicals instead of sinking." That would make him a "pragmatic radical," I guess. And that about sums it up.

However, what matters to us in the end is not the internal rivalry among Iran's leaders, but Iranian behavior. It is actions which count, not rhetoric. Ten years after the Iranian Revolution, the Islamic Republic is a fact. We must deal with it as a whole, not with the factions which comprise it. I want to be very clear about this. We will not play the game of taking actions which one Iranian leader or another whispers to a third party will help this faction, or that faction. We recognize that there are divisions in Iran, and that they are real. But they are problems which Iran's leaders must address. As the President has said: "We have no historical feud with Iran, and we have no desire to intervene in their internal affairs."

On the positive side, there are some indications that President Hashemi-Rafsanjani may in time emerge as a leader who will be able to bring about a more sensible relationship between Iran and the outside world. His concentration on the economy is certainly a welcome change from the past focus on foreign adventurism and efforts to export Iranian ideology by violence. But the record to date is mixed. Iran has continued to practice terrorism overseas in areas from the Middle East to Europe, and there is every indication that this is state policy. Saudi Arabia has laid the disturbances during the pilgrimage in Mecca earlier this year at Iran's door. Responsibility for the murders of Saudi diplomats has been claimed by groups supported by Iran. And, of course, of greatest importance to us, eight American and a number of other Western hostages continue to be held in Lebanon by groups which Iran supports. President Hashemi-Rafsanjani's publicly-stated position on this continues to be completely unacceptable to us and to the decent opinion of mankind. In one breath he condemns the practice of hostage-taking, and asks for Western help in obtaining information about Iranians who have disappeared in Lebanon. In the next breath, he blames the situation on the West, and declares that Iran has no influence with hostage-takers. Finally, he says that unless Western governments act to satisfy Iranian grievances, real or imagined, and meets other Iranian conditions, Iran will not use its influence to end the cruel suffering of these innocent people, despite the President's call on all parties to work to release them.

Mr. Chairman, this is the situation we face. What can we do about it?

We are doing our best to get a simple message across to Iran's leaders, in every way we can, and our actions are designed to reinforce this message. The President has stated our policy on a number of occasions:

—We have no hostility toward the system of the Islamic Republic as a form of government. We have excellent relations with many states which base their constitutional arrangements on Islamic values. They include several of Iran's neighbors. We do have concerns about human rights abuses, including torture and summary executions without proper trial. We will continue to speak out about these. But Iran's form of government is for the Iranian people to determine.

—Our problem is with Iranian behavior, and specifically continued Iranian support for international terrorism and hostage-taking. Until Iran acts to abandon these policies, there will be no possibility of an improvement in the U.S.-Iranian relationship.

—We are ready to discuss these issues with the Iranian Government directly, whenever Iran wants.

Fundamentally our approach to Iran is governed by the principle of reciprocity. When Iran's behavior changes, we will respond. Until that happens, our policy will remain to deal firmly with Iranian abuses, while holding open the possibility of a more normal relationship.

—Our economic sanctions will remain in place. They will only be softened in response to changes in Iranian conduct. They include a near-total ban on imports, and extensive controls on exports with military applications.

—We will continue to encourage our friends and allies to move cautiously in restoring their own economic and political relationships with Iran.

—Operation Staunch, the name for our systematic practice of discouraging other states from supplying Iran with weapons, will remain in effect. I have myself raised this issue in recent discussions with Soviet officials. We will continue to work to prevent the transfer to Iran of technology which could contribute to chemical or nuclear proliferation.

At the same time, we remain prepared to work whenever possible to find areas in which we can reach understandings. The U.S.-Iran Claims Tribunal in The Hague is an example of such an area. Judge Sofaer will review with you the recent operations of the Tribunal.[19] Iran continues to approach its work in a relatively businesslike way. It is noteworthy that we are the only state which has such a mechanism for the settlement of commercial disputes with Iran, and interesting that for all the rhetoric of Iran's leaders, they appear to value the Tribunal and to be prepared to approach its work responsibly. If mutually beneficial settlements can be arrived at, we are fully prepared for that, consistent with the interests of U.S. claimants.

Mr. Chairman, the issues involved with Iran are complex. We are working intensively on them. As you will readily appreciate, not all of our efforts and contacts can be made public. The road ahead will be long and difficult. Much patience and firmness will be required.

Iran is an important nation. The human ties between Iran and the United States have never been cut, and the long lines of Iranian visa applicants at our Embassies and Consulates are proof that for all the propaganda of hate, America remains a beacon of hope to many Iranians. With steady and sensible policies, I believe firmly that there can be progress toward a more normal relationship.

F. Iraq

236. Compensation for Deaths in the U.S.S. *Stark* Incident

Agreement Between the United States and Iraq Concerning Claims Resulting From the Attack on the U.S.S. Stark, Baghdad, March 28, 1989[1]

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Republic of Iraq and has the honor to note that discussions have occurred between representatives of the Government of the United States and those of the Government of the Republic of Iraq concerning the claims advanced for the deaths of 37 Americans (whose names appear on the enclosure to this note),[2] as a result of an attack on U.S.S. *Stark* on May 17, 1987. The Government of the United States of America expressed its view of the legal basis for its claims in its note of May 20, 1987. The Government of the United States of America understands that on the basis of the discussions with representatives of the Government of the Republic of Iraq, the following has been agreed with respect to the claims involved:

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[19] For Sofaer's prepared statement, see *ibid.*, pp. 18–24.

[1] Source: *International Legal Materials*, Vol. 28, No. 3 (May 1989), pp. 645–648. U.S. diplomatic note No. 194, March 28, and translated Iraqi diplomatic note No. 7/1/66072, March 27, conclude the U.S-Iraqi discussions on claims and compensation for this incident.

[2] Not printed.

1. The Government of the Republic of Iraq will pay to the Government of the United States of America the sum of U.S. $27,350,374 in a single payment as promptly as possible.

2. The Government of the United States of America will accept the amount paid on behalf of all the claimants seeking compensation as a result of the deaths of the 37 individuals involved, and will be solely responsible for the distribution of the funds.

3. The agreed amount, when fully paid as agreed, will constitute a full and final settlement of all claims concerning the deaths of the 37 individuals involved.

The Embassy of the United States of America avails itself of this opportunity to renew to the Ministry of Foreign Affairs of the Republic of Iraq the assurances of its highest consideration.

The Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America at Baghdad and has the honor to refer to the Ministry's Memorandum No. 308, dated May 21, 1987,[3] which stated that the Government of Iraq, motivated by the humane traditions of the Iraqi people together with a keen desire to maintain friendly relations with the American people and the Government of the United States of America, has decided to grant the sum of $27,350,374.00 to the families of the victims of the unfortunate and undeliberate accident that befell the USS *Stark* on May 17, 1987.

The Ministry of Foreign Affairs would appreciate it if the esteemed Embassy would kindly inform it as to where the above-mentioned amount should be transferred so that transfer arrangements can be made as soon as possible.

The Ministry avails itself of this opportunity to renew to the Embassy the assurances of its highest respect and appreciation.

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[3] Not printed.

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237. Restrictions on U.S. Exports to Iraq

Statement Issued by the Department of State, May 3, 1989 [4]

We are not aware of any prohibited sales of U.S. rocket technology to Iraq.

But if there were any credible information we would definitely look into it. We regularly and actively pursue all leads.

Owing to our concern for regional stability and our neutrality in the Iran–Iraq war, as well as our opposition to missile proliferation, U.S. policy prohibits the sale or transfer of munitions list items to Iraq. The Department of State licenses munitions list items.

The Department of Commerce licenses dual-use items (which are not on the munitions list) and these items (such as some electronic equipment or computers) are not controlled for foreign policy reasons to Iraq. High-tech exports to Iraq have long been reviewed by the Department of Defense. Questions about specific licenses issued by the Department of Commerce should be directed to that Department.

We are not aware that licenses for any items covered by the missile technology control regime have been granted for Iraq since the regime was established in April 1987. Any questions regarding exports of dual-use items before the regime was in place should be directed to the Department of Commerce.

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[4] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to a question asked at the Department of State Daily Press Briefing earlier that day.

G. Israel

238. Visit of Prime Minister Shamir

Statement by President Bush, April 6, 1989[1]

Well, Prime Minister Shamir and I have had a very productive meeting. My message to him and, through him, to the Government and the people of Israel was clear: We are friends, strategic partners, and allies. And the mutual interests that bind together the people of the United States and Israel are broad and deep. The Prime Minister and I dedicated ourselves to maintaining and, where possible, improving the relationship between our two countries. Both of us are committed to this goal.

Throughout the world, old enemies are finding ways to talk to one another and to end conflicts in a manner that preserves the basic interests of all concerned. This can and must happen in the Middle East. The Arab-Israeli conflict can be resolved. Peace, security, and political rights can be attained through direct negotiations. The status quo serves the interests of no one. In this spirit, I reiterated to Prime Minister Shamir the resolve of the United States to assist the parties of the Middle East in their pursuit of a comprehensive settlement of the Arab-Israeli conflict. Our responsibility as friends and as partners in the search for peace is to help develop approaches that enhance peace prospects. Problems do not resolve themselves; leaders acting with courage and vision solve problems. Menachem Begin and Anwar Sadat demonstrated this truth a decade ago at Camp David.[2] Today's leaders can afford to do no less.

I reassured the Prime Minister that the fundamental basis of our approach to a Middle East settlement has not changed. The United States is committed to a comprehensive peace achieved through direct negotiations based on U.N. Security Council Resolutions 242 and 338. This remains the building block for a viable negotiation for a durable settlement. This is our goal. With regard to final status issues, I reaffirmed to the Prime Minister that we do not support an independent Palestinian state nor Israeli sovereignty or permanent occupation of the West Bank and Gaza.

To move the peace process forward, I discussed with the Prime Minister, as I had earlier this week with President Mubarak, an ambitious but realistic approach. Progress will require meaningful steps to reduce tensions, political dialog between Israel and Palestinians, and clear indications that all concerned are prepared to think creatively about key substantive issues. Israel has an obligation to contribute to this process, but it cannot be expected to assume the entire burden. The Palestinians, the Arab States, and other interested parties must demonstrate that they, too, are willing to make peace a reality.

I stressed that no peace process can proceed in a political vacuum. I believe it is in Israel's interest to engage in a serious dialog with Palestinians that address their legitimate political rights. The United States believes that elections in the territories can be designed to contribute to a political process of dialog and negotiation. We urge Israel and the Palestinians to arrive at a mutually acceptable formula for elections, and we plan in the days and weeks ahead to work toward that end.

In negotiations, Israel understands that Palestinians will be free to bring their own positions and preferences to the bargaining table. The Prime Minister assured me that Israel is committed to negotiating an agreement on final status that is satisfactory to all sides. And he made it clear that interim arrangements on Palestinian self-rule are not the end of the road but are directly linked to a broader political process that includes negotiating and concluding an agreement on final status.

I'm encouraged by the Prime Minister's assurance that all options are open for negotiation. The Prime Minister and I agreed that our governments would remain in close touch to ensure that everything possible is being done to promote the prospects for peace in the Middle East. And speaking for myself and for the American people, I want to assure everyone that the United States is committed to promoting this goal.

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[1] Source: *Weekly Compilation of Presidential Documents*, April 10, 1989, p. 491. For text of Prime Minister Shamir's statement, see *ibid.*, pp. 491–492. The President spoke at 12:15 p.m. at the South Portico of the White House, following a meeting with Shamir in the Oval Office. Shamir made an official visit to Washington, April 5–7.

[2] For text of the Framework for Peace in the Middle East, agreed by Egypt and Israel in Camp David, Maryland, and signed in Washington, September 17, 1978, see *American Foreign Policy: Basic Documents, 1977–1980*, pp. 653–657.

Mr. Prime Minister, we're delighted you're here. The floor is yours, sir.

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239. Reaffirmation of U.S. Commitment to Israel

Statement by President Bush, April 6, 1989 (Extract)[3]

. . . .

. . . The friendship, the alliance between the United States and Israel, is strong and solid—built upon a foundation of shared democratic values, of shared history and heritage that sustain the moral life of our two countries. The emotional bond of our peoples goes—it transcends politics. Our strategic cooperation—and I renewed today our determination that that go forward—is a source of mutual security. And the United States' commitment to the security of Israel remains unshakeable. We may differ over some policies from time to time, individual policies, but never over this principle.

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240. U.S. Assistance to Israel

Prepared Statement by the Deputy Assistant Secretaries of State for Near Eastern and South Asian Affairs (Walker and Burleigh), April 19, 1989 (Extract)[4]

. . . .

A fundamental premise of U.S. foreign policy has been support for Israel's security. Our links with Israel are broad and deep, based on shared values, common interests, and a commitment to democracy and freedom. In recent years, we have deepened institutional and commercial links which have reinforced traditional ties. These include such important areas of cooperation as: the Joint Political Military Group, which is concerned with strategic cooperation; the Joint Security Assistance Planning Group, which coordinates U.S. military assistance to Israel; the Joint Economic Development Group, focusing on economic issues; and the Free Trade Agreement, signed in 1985.[5]

Our proposed assistance program for Israel in FY 1990 consists of $1.8 billion in Foreign Military Sales Financing (FMSF) and $1.2 billion in Economic Support Funds (ESF), all provided on a grant basis. Our military assistance to Israel will focus on three areas: cash flow requirements associated with purchases of advanced fighter aircraft (F–15 and F–16); financing the Israeli-produced Merkava tank; and the naval modernization program. Within the $1.8 billion total for military assistance, we are providing additional benefits to Israel. $400 million is authorized for offshore procurement (OSP) expenditures in Israel and $100 million in directed offsets (mandated purchases of Israeli defense articles by the United States).

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[3] Source: *Weekly Compilation of Presidential Documents*, April 10, 1989, pp. 497–498. The statement was made as a toast at a White House dinner honoring Prime Minister Shamir.

[4] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 7, pp. 804–806. Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, David R. Obey, presided over the session. For additional extracts from this statement, see Documents 197, 221, 226, 245, and 267.

[5] Agreement on the Establishment of a Free Trade Area, with annexes, exchange of letters, and related letter, signed at Washington April 22, 1985, entered into force August 19, 1985; *International Legal Materials*, Vol. 24, No. 3 (1985), pp. 657–681.

Two other programs will provide significant resources to Israel. Under the Fair Pricing Initiative passed last year, Israel will save $90 million in costs associated with the purchase of F-16 aircraft. The United States will also provide Israel $120 million for joint research under the Arrow antiballistic missile research program, a part of SDI research.

Our economic assistance of $1.2 billion in ESF is also important in supporting economic stability and structural reform. In 1985, Israel faced soaring inflation, a huge government budget deficit, and rising unemployment. Thanks to far-reaching economic stabilization measures and U.S. economic assistance, Israel by 1987 was able to reduce inflation to 16 percent and resume economic growth. In January 1989, Finance Minister Peres announced a package of economic measures to improve prospects for growth and reduce inflation, including a 13.4 percent devaluation of the shekel, a virtual no-growth budget, tax reduction, and continued reform of the capital market.

Israel uses U.S. economic aid to repay FMS loans made by the United States to Israel prior to 1985 and for some commodity imports. In 1988, Israel refinanced $4.75 billion in FMS loans under FMS debt reform legislation, resulting in debt service savings of approximately $150 million annually over the next 5 to 10 years.

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241. U.S. Defense Relations With Israel

Prepared Statement by the Deputy Assistant Secretary of Defense for Near East and South Asian Affairs (Gnehm), April 19, 1989 (Extract)[6]

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Since President Reagan announced the concept of strategic cooperation with Israel in 1983, we have made great strides to implement this concept into initiatives that further our defense relations. A specific initiative was the formation of a Joint Political-Military Group (JPMG), and various joint subcommittees, to explore ways to improve military cooperation in such areas as pre-positioning and contingency planning. Though the JPMG meets twice a year (I have just returned from the most recent meeting), joint subcommittees meet more frequently and their members stay in constant touch with one another, carrying on a dialog, debating and agreeing on various initiatives, and drafting plans, procedures, and schedules.

Objectives for our security assistance with Israel are to continue funding requirements for aircraft programs (F-15, F-16, and F-4 upgrade), the Naval Modernization Program, upgrades in Israel's attack and utility helicopter fleet, and improvements in Israel's armor corps and artillery units; to assist Israel in maintaining the qualitative edge upon which it relies for its security; to promote economic reform and stability through balance-of-payments support; and to encourage a comprehensive settlement of disputes in the region to support stability and security. To accomplish these objectives, DOD believes the United States must maintain Israel's security assistance at the current level of funding.

It is clear that our highly successful security assistance and R&D cooperative programs with Israel have indeed fulfilled Israel's military requirements and assured that Israel is fully capable of dealing with any potential adversary, or combination of adversaries. We remain steadfast in our policy that the security of Israel be assured in order for a Middle East peace process to succeed. The Department of Defense's cooperative programs with the Israeli military reflect this U.S. commitment to Israel and should give Israel the confidence to move forward to peace.

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[6] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 7, pp. 854–855. For another extract from this statement, see Document 247.

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242. Possible Resettlement of Soviet Jews in the Occupied Territories

Press Briefing by Secretary Baker, October 2, 1989 (Extract)[7]

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Q. There's a report today that Israel wants the United States to provide money to assist in resettlement of Soviet Jews, some of whom would be resettled on the West Bank. What would be our attitude toward such a request, and would there have to be conditions that they could not be settled on the West Bank?

A. The U.S. policy, of course, is to oppose additional settlements in the occupied territories. Let me say though, having said that, that we are very sympathetic to the problems of those who wish to emigrate from the Soviet Union. We, of course, will be accepting more Soviet Jews as refugees into the United States this year than we ever have before, and the United States would be interested in seeing Soviet Jews who want to go to Israel. So we would be sympathetic in general. But the question of where we would find $400 million is a very good question in this day of severe budget constraints.

. . . .

243. Private Visit of Prime Minister Shamir

Statement by the President's Press Secretary (Fitzwater), November 15, 1989[8]

The President met today with Israeli Prime Minister Yitzhak Shamir, who is in the United States on a private visit. Prime Minister Shamir and President Bush discussed the state of the U.S.-Israeli relationship. The President reaffirmed the U.S. commitment to the security of Israel. They also reviewed the importance of moving ahead in the peace process. The President focused on the effort to bring Palestinians and Israelis together in a dialog on elections and a negotiating process. The President reaffirmed his conviction that all parties should demonstrate the necessary flexibility and imagination to take advantage of the historic opportunity for direct negotiations between Palestinians and Israelis offered by Israel's peace initiative. The President noted that the U.S. Five Points[9] offer a framework that will allow Israel and the Palestinians to engage on the substantive issues of elections and the negotiating process, while safeguarding the legitimate interests of all who accept those points. In this regard, the President expressed his pleasure with the Israeli Inner Cabinet's decision of November 5 to accept the Five Points, while noting that any assurances that might be provided by the United States to any party should not result in a renegotiation of these Points. The United States and Israel agreed to continue their close consultations.

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[7] Source: Department of State *Bulletin*, December 1989, pp. 45–46. The briefing was held following a meeting between President Bush and President Mubarak, who made a private visit to Washington, October 1–3.

[8] Source: *Weekly Compilation of Presidential Documents*, November 20, 1989, p. 1751.

[9] See Document 219.

H. Jordan

244. Visit of King Hussein

Statement by President Bush, April 19, 1989[1]

Well, I've had the pleasure and honor of an intimate discussion with an old friend, His Majesty King Hussein of Jordan. The relationship between Jordan and the United States has deep roots; it's founded on a commonality of interests and mutual respect. And it is in this spirit that His Majesty and I reviewed the situation in the Middle East and, in particular, the search for Arab-Israeli peace. We talked also of the concerns that we both have about Lebanon.

Few individuals can match the dedication of His Majesty King Hussein to the cause of peace. For his is a commitment to explore opportunities, examine options, pursue possibilities. And I explained to him our thinking on the need to diffuse tensions, to promote dialog, to foster the process of negotiations that could lead to a comprehensive settlement. And I reiterated my belief that properly designed and mutually acceptable elections could, as an initial step, contribute to a political process leading to negotiations on the final status of the West Bank and Gaza. I also reaffirmed to His Majesty our longstanding commitment to bring about a comprehensive settlement through negotiations based on U.N. Resolutions 242 and 338 and the principle of territory for peace. Through these negotiations, peace and security for Israel and all states, and legitimate Palestinian political rights, can be realized. In addition, a properly structured international conference could serve, at the appropriate time, as a means to facilitate direct negotiations between the parties.

The time has come to encourage fresh thinking, to avoid sterile debate, and to focus on the difficult but critical work of structuring a serious negotiating process. His Majesty committed Jordan to this task, and I commit the United States to this task. An important part of this effort and of the stability of the Middle East as a whole will be the continued economic and military strength of Jordan. Jordan's security remains of fundamental concern to the United States, and I have reassured His Majesty that the United States will do its utmost to help meet Jordan's economic and military requirements. His Majesty King Hussein and I delved deeply into the broader regional and internal problems, and as always, I benefited greatly from the wisdom of my friend. Together we pledge to continue the close cooperation and coordination that mark the relations between Jordan and the United States.

And in closing, I would like to express my best wishes to King Hussein and to the people of Jordan for an auspicious month of Ramadan and a blessed 'Id holiday. Thank you.

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245. U.S. Policy and Assistance to Jordan

Prepared Statement by the Deputy Assistant Secretaries of State for Near Eastern and South Asian Affairs (Walker and Burleigh), April 19, 1989 (Extract)[2]

. . . .

The last 15 months have seen a dramatic change in the way that King Hussein has been moved to react to the Palestinian problem. The *intifada*, or "uprising," which began in December 1987, significantly altered Jordan's relationship with the West Bank and its Palestinian population. Jordan's links, which were mainly with the pre-1967 traditional leadership, became increasingly tenuous as the youthful leadership of the uprising consolidated its position.

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[1] Source: *Weekly Compilation of Presidential Documents*, April 24, 1989, p. 576. President Bush spoke at 10:34 a.m. in the Rose Garden of the White House following a meeting with King Hussein who made an official visit to Washington, April 17–21.

[2] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 7, pp. 810–814. Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, David R. Obey, presided over the session. For other extracts from this statement, see Documents 197, 221, 226, 240, and 267.

In July 1988, King Hussein took what he has called a "tactical step" in the peace process by placing the burden to perform in the peace process on the PLO. In doing so he did not opt out of the peace process with Israel. With the longest border of any state with Israel, Jordan must participate in this effort. Indeed, peace and security are in Jordan's vital interest and it remains a critical factor in the peace process.

Jordan's importance to the United States, however, goes well beyond the peace process. The United States shares strategic interests with Jordan, which has consistently acted as an important force for moderation and stability in the Middle East. Jordan plays a vital role in the effort to curb worldwide terrorism, preventing use of its territory as a base for raids on Israel and courageously opposing support by other Arab States for extremist groups.

The United States and Jordan have had a special military-to-military relationship for many years. That relationship has declined since the demise of the 1985 Jordan arms sale, which would have provided F–16 fighters for Jordan's air defense. Assistance from the United States has been sharply reduced; there is no U.S. military equipment in the pipeline for the first time in many years. Despite problems in our relationship, good will remains strong, but it is not an inexhaustible reserve.

Jordan's economy is in serious difficulty. It has been hard hit by recent cuts in subsidies from Gulf governments as well as reductions in remittances from Jordanians working abroad. It is now suffering a foreign exchange crisis of major proportions. It particularly needs economic assistance this year to surmount these problems and we have accordingly requested $35 million in ESF for FY 1990.

The Jordanian Government has responded to these economic problems with strong and sound initiatives, implementing austerity measures, curbing domestic spending, and privatizing many state-owned firms. Jordan recently signed a letter of intent with the IMF, which should lead to a stand-by agreement in the next several weeks.

These economic difficulties come just as U.S. aid to Jordan has declined sharply. Our military assistance to Jordan averaged $68 million annually over the last decade, reflecting our concern for the security of Jordan, its contribution to the peace process, and shared strategic interests. Last year (FY 1989), we requested $48 million in FMS credits for Jordan to provide spare parts for U.S. equipment already in Jordan's inventory and other urgently needed supplies. The request included no new weapons systems.

Regrettably, at the end of the FY 1989 security assistance allocations process we were able to provide only $10 million in FMS credits to Jordan. This level does not support our interests in Jordan, and, if continued, would not allow us to pursue the important cooperative efforts in which we have been involved.

I am convinced no one in the executive or legislative branches wanted this result. And I realize that this is only one dramatic example of the problem we face as we try to fund high priority programs while remaining within reduced budget levels. I hope that in the course of discussions in the months ahead, we all bear in mind the case of Jordan and work to avoid a similar result in FY 1990.

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246. Economic Support Funds and Jordan's Economy

Prepared Statement by the Assistant Administrator for Asia and Near East, Agency for International Development (Adelman), April 19, 1989 (Extract)[3]

. . . .

$35 million ESF is requested to solidify and strengthen the private sector thrust of the AID program in support of the Jordanian Government's efforts to liberalize its economy.

Jordan's economic fortunes have declined in tandem with the continuing regional recession brought about by the decline in global oil prices and production. GOJ attempts to shelter Jordanians somewhat from the recession by purposefully maintaining high levels of deficit spending between 1984 and 1986 came at the high cost of incurring a large foreign debt that Jordan can no longer afford to service and a fall in the value of what had been a stable (but overvalued) currency.

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[3] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 7, pp. 846–847. For another extract from this statement, see Document 198.

In 1988, per capita income fell for the sixth year in a row and Jordan's looming foreign exchange crisis came to a head in June, as official convertible foreign currency reserves fell to a dangerously low level. Since then, the Jordanians have allowed their currency to float, resulting in a 40% devaluation, have deregulated interest rates on deposits, have allowed interest rates on loans to be raised to 9%, and have reformed licensing and investment regulations.

AID is assisting Jordan to make basic structural adjustments and to shift the role of its private sector to become the central "engine for development". AID's new project assistance focuses on financial market improvement and on trade and investment promotion. A Commodity Import Program ($18 million) will provide foreign exchange for private sector purchase of capital equipment and materials to increase productivity in the manufacturing and service industries.

AID expects to hold additional discussions on the Jordanian economy during the King's visit to the United States this week.

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247. U.S. Defense Relations With Jordan

Prepared Statement by the Deputy Assistant Secretary of Defense for Near East and South Asian Affairs (Gnehm), April 19, 1989 (Extract)[4]

. . . .

Jordan is a major contributor to key U.S. interests in the Middle East. A close U.S.-Jordanian military relationship is vital to our peace efforts. Jordan occupies a first line of defense between moderate and radical states in the region and is strategically positioned on the borders of Israel and Saudi Arabia. Israel's border with Jordan is Tel Aviv's longest border with an Arab State, and Jordan's dedicated suppression of terrorism along that border is a critical contribution to containing violence in the region. Jordan's Armed Forces have also helped preserve the security of the governments of several Gulf States that are important to U.S. interests.

Yet, unfortunately our military relationship with Jordan is now stripped bare. Last year, we delivered the last major item of U.S. military equipment programmed for Jordan, ending over 30 years of Jordanian reliance on U.S. arms and equipment. Nowhere else in the Middle East, perhaps nowhere else in the world, has our diminishing security assistance funding been more dramatic or more harmful than with Jordan.

Our Embassy in Amman has estimated that a minimum of $120 million in FMS funding is needed annually to maintain equipment we have transferred to Jordan. The Jordanian General Headquarters has given us a detailed briefing on how it would use such funds if they were available. Unfortunately, U.S. budget realities make it impossible for us to request more than $48 million for FY 1990. This level is by no means excessive and deserves your serious consideration and support.

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[4] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 7, pp. 857–858. For another extract from this statement, see Document 241.

. . . .

I. Lebanon

248. U.S. Support for Arab League Peace Efforts in Lebanon

Statement Read by the Department of State Spokesman (Redman), January 27, 1989[1]

Ladies and gentlemen, good afternoon. Let me begin with an announcement. On January 28 to 30, the Arab League Ministerial Committee on Lebanon will meet in Tunis under the Chairmanship of Kuwaiti Foreign Minister Sheik Sabah-al Ahmad. Delegations from the Lebanese Christian and Moslem communities are also expected to attend.

The United States applauds this action by the Arab League and shares its concern about the political impasse in Lebanon. We strongly support the Arab League in helping Lebanon move speedily toward the election of a consensus president committed to implementing constitutional reform.

We urge the Lebanese and call on all other concerned governments to actively support the Arab League's effort as well. We believe this initiative by the Arab League represents a major opportunity to begin restoring the unity of Lebanon's central government.

As for the United States, we remain committed to the restoration of Lebanon's unity, stability, territorial integrity, and the withdrawal of all foreign forces.

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249. U.S. Hostages in Lebanon

Daily Press Briefing by the Department of State Spokesman (Redman), February 17, 1989 (Extract)[2]

. . . .

Q. Chuck, it's the first anniversary, I believe, of the kidnapping of Colonel Higgins. Does the United States have any clues as to his whereabouts, or anything to say on the subject?[3]

A. I don't have any new information to offer, and on the anniversary as on any other day, I would simply say, as we have many times before, that those holding hostages—Colonel Higgins and all others—ought to release them immediately. It's a humanitarian issue, and they just simply ought to face up to that fact and release these people.

. . . .

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250. Appeal for a Cease-Fire in Beirut

Statement Read by the Department of State Spokesman (Redman), March 16, 1989[4]

The U.S. Government is deeply concerned over the heavy exchange of shelling and consequent loss of life March 14 in Beirut. The fighting illustrates yet again Lebanon's urgent need to escape the downward cycle of violence and political disintegration.

We urge all sides to exercise restraint and to avoid civilian casualties at all costs.

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[1] Source: Office of Press Relations, Department of State. The statement was made at the outset of the Department of State Daily Press Briefing which began at 12:19 p.m.

[2] Source: Office of Press Relations, Department of State. The briefing began at 12:04 p.m.

[3] For statements following the reported death of Lt. Col. Higgins on July 31, 1989, see Documents 103 ff.

[4] Source: Department of State *Bulletin*, May 1989, p. 65.

We call on Gen. Awn and Dr. Huss[5] to cooperate and coordinate directly with one another to work together to restore and invigorate Lebanon's legitimate national institutions. The goal which we strongly support and which all parties must work for is well-known and has not changed—the restoration of Lebanon's unity, sovereignty, and territorial integrity, with the withdrawal of all foreign forces and the disbandment of the militias.

The fighting also threatens to destroy the Arab League's peace initiative on Lebanon. The United States actively supports this initiative and encourages the Arab League to continue its effort. We call on the Lebanese and all other concerned parties to join in this support. The suffering of innocent Lebanese civilians has continued far too long, and Lebanon's peace and stability must be restored.

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251. Support for Political Dialog in Lebanon

Statement Read by the Department of State Acting Spokesman (Boucher), April 7, 1989[6]

We welcome the commitment that Gen. Awn made in his April 6 statement[7] to the goals of power-sharing, reform, and equal participation in the political system by all Lebanese—Muslims and Christians. We applaud his recognition that all Lebanese have the right to security, liberty, and dignity.

We particularly support his call for an open, honest, and free inter-Lebanese roundtable dialog. The goals he affirmed must be achieved by dialog, not military means, in order to reunify a sovereign Lebanon free of foreign military forces and illegal militias.

We continue to urge all parties—foreign and domestic—to respect the Arab League's call[8] for an immediate cease-fire and the cessation of all land, sea, and air blockades.

Further we urge all parties to cooperate fully with the Arab League to restore security and stability to Lebanon.

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252. Emergency Aid to Lebanon

Statement Read by the Department of State Acting Spokesman (Boucher), May 19, 1989[9]

The United States is pleased to announce that $200,000 has been allocated for disaster relief efforts in Lebanon. The assistance will be used to provide medical supplies and to meet other urgent relief needs to the Lebanese affected by the recent fighting. These supplies are intended for all segments of the affected population through the several private voluntary organizations active in Lebanon.

We are also happy to announce that a shipment of 7,302 metric tons of U.S. food for the Lebanese people has arrived in Lebanon. This food—rice, lentils, and vegetable oil—is part of a Food for Peace program through which the U.S. Government will provide the Lebanese people nearly 30,000 metric tons of foodstuffs worth $18 million from October 1988 to October 1989.

Through this humanitarian relief program, we provide about half the food for nearly 700,000 Lebanese.

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[5] Rival Prime Ministers; General Awn is the Christian-backed leader and Dr. Huss is the Muslim-backed leader.

[6] Source: Department of State *Bulletin*, June 1980, p. 45.

[7] For text, see Foreign Broadcast Information Service, *Daily Report: Near East and South Asia*, April 7, 1989, pp. 38–39.

[8] See *ibid.*, April 6, 1989, p. 1.

[9] Source: Department of State *Bulletin*, July 1989, p. 55. AID later in May provided an additional $300,000 for emergency assistance.

253. U.S. Objectives in Lebanon

Prepared Statement by the Assistant Secretary of State for Near Eastern and South Asian Affairs (Kelly), July 25, 1989[10]

I am pleased to be able to come before you this morning to discuss Lebanon.

This administration is firmly committed to the restoration of unity, sovereignty, and territorial integrity of Lebanon, including the withdrawal of all foreign forces and the disbandment of militias. We believe that a vast majority of the Lebanese people also support these goals.

I was encouraged to see last week's Senate amendment on Lebanon to the State Authorization Bill—introduced by Senators Mitchell and Dole[11] —and would like to thank the Senate for its support for the administration's Lebanon policy. Such a nonpartisan statement of goals by the Senate can only help the administration's efforts. The goals for Lebanon mentioned in the Senate resolution are the very same goals toward which this administration is actively working.

But achieving these goals will be difficult. Foreign armies are entrenched on Lebanon's soil. Syria has around 32,000 troops there but Iran, Libya, and Israel also have soldiers in Lebanon. The presence of these external forces makes it extremely difficult for the Lebanese to work with one another to resolve their differences.

The best mechanism currently available to begin a process of political reconciliation is the Arab League's Committee of Three, formed in May. The committee—composed of Saudi Arabia's King Fahd, Morocco's King Hassan, and Algeria's President Benjedid—represents a serious effort to address the fundamental problems underlying the conflict. Lebanon has confounded all peacemakers for 14 years, but this high-level committee cannot be ignored by either the outside parties to the conflict or the Lebanese. We believe that this initiative can succeed if the parties on the ground will cooperate.

The United States is actively supporting the Arab League's efforts, both publicly and privately. President Bush met June 14 with Saudi Foreign Minister Saud al-Faisal and expressed our support for the Arab League initiative. Secretary Baker has written letters to Syrian President Asad and the leaders of the Lebanese factions, General Awn and Doctor al-Huss, stressing the need for flexibility and for cooperation with the Arab League.

Secretary Baker and Soviet Foreign Minister Shevardnadze May 11 made a joint statement[12] calling for a cease-fire and national reconciliation, and reaffirming our support for Lebanon's sovereignty, independence, and territorial integrity. We have discussed Lebanon in the June U.S.-Soviet expert talks on the Middle East.

We have also called for a cease-fire and a lifting of all blockades on air, land, and sea.[13] There is no excuse for continuing the shelling and depriving innocent people of the necessities of life. We have also called upon the parties supplying the various combatants in Lebanon to reconsider their policies in order to lessen tensions and to provide the Arab League Committee with an atmosphere more conducive to reasoned dialog.

The United States realizes that the greatest tragedy in Lebanon has been the toll extracted in human suffering. We continue to encourage all international efforts to provide humanitarian assistance to Lebanon. On our part, I am pleased to report that President Bush July 20 approved $2 million in emergency assistance to the International Committee of the Red Cross in Lebanon. This comes on top of $500,000 in emergency assistance allocated in May. We are also providing over $14 million in food assistance through private volunteer organizations. Although little publicized, U.S. help through such organizations provides roughly half the food for 800,000 Lebanese. This food—rice, lentils, and vegetable oil—is part of our larger Food for Peace Program which will provide almost 30 thousand metric tons of foodstuffs to Lebanon before the end of fiscal year 1989.

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[10] Source: *The Situation in Lebanon, July 1989: Hearing Before the Subcommittee on Europe and the Middle East of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 105–108.

[11] For text, see *Congressional Record*, Vol. 135, No. 97, July 19, 1989, pp. S8249–S8250. The resolution urged the United States to support U.N., Arab League, and other peace initiatives and called on the administration to pursue the issue of Lebanon in discussions with all parties to the conflict, in particular the Soviet Union and Syria.

[12] For text, see Department of State *Bulletin*, July 1989, p. 30.

[13] Reference is to statements by the Department of State on March 16 and 29, April 3, 7, 14, 20, and 28, and May 4; and the White House statement of April 18. For texts, see Department of State *Bulletin:* May 1989, p. 65; June 1989, pp. 43–44; and July 1989, p. 55.

We are convinced that a peaceful solution to Lebanon's problems does exist. Any negotiated solution will require meaningful concessions from all parties to the conflict. We know the Lebanese people are ready for a negotiated settlement.

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254. Evacuation of the U.S. Embassy in Beirut

Statement Read by the Department of State Spokesman (Tutwiler), September 6, 1989[14]

At midnight last night, Washington, D.C., time, September 5—7 a.m. Beirut time, September 6—we evacuated all U.S. Government personnel from Beirut on a temporary basis because local circumstances no longer permit the Embassy to function effectively. We have a responsibility to ensure the safety of our personnel. We plan to go back to Beirut as soon as conditions permit.

The evacuation does not represent a lessening of our intention to try to help Lebanon in its time of trouble. We will be consulting with friendly Arab States, our European allies, and the Soviet Union, as well as Lebanon's neighbors, on how to try to achieve a cease-fire and an end to all blockades and the beginning of a political reconciliation process.

We are committed to working with others to try to end the ongoing tragedy in Lebanon. The United States is not abandoning Lebanon. We regret having to evacuate the Embassy and the actions by Gen. Awn and his followers that made it necessary.

The President's and the Secretary's policy has always been to maintain our Embassy as long as useful work could be done. But for 5 months, the Embassy has been unable to go to Muslim west Beirut because of shelling and bad security conditions.

, Gen. Awn told journalists that he would not receive Ambassador McCarthy until McCarthy presented his credentials to Awn, one of two competing governments.

On September 5, a demonstration with 1,000 people was organized around our Embassy and a "blockade" was declared by the organizers. The demonstrators said that this blockade would continue until the U.S. Government did the following four things: (1) presentation of McCarthy's credentials to Gen. Awn; (2) recognition of Gen. Awn as the "sole legitimate authority in Lebanon;" (3) arrival of a special envoy from the United States; and (4) the United States to force Syria to lift its blockade of the Christian enclave.

The demonstration leader told the crowd that U.S. personnel could enter "at their own risk." He said the blockade would move closer to the Embassy and an indefinite next step would take place September 6.

A telephone caller threatened to shoot down the September 5 scheduled helicopter support mission, and shortly thereafter, the demonstration organizer took credit for preventing the helicopter mission.

We were told yesterday by reliable journalists on the ground that Gen. Awn said that Lebanon needed a good dose of "Christian terrorism." As Gen. Awn's threats and implications about the United States grew nastier, the Department and the Embassy were in close touch throughout the Labor Day weekend. On Friday, September 1, Gen. Awn told the French newspaper *Figaro* that perhaps he should take "20 American hostages."

Secretary Baker spoke by telephone to Ambassador McCarthy on September 5. On the morning of September 5, Secretary Baker met with the President who gave his approval to evacuate. At 2 p.m., Washington time, following his conversation with Ambassador McCarthy, Secretary Baker met in the Oval Office with the President, Secretary Cheney, Gen. Scowcroft, Chief of Staff Sununu, and Assistant Secretary Kelly. They discussed alternative means of implementing the evacuation and activated the military chain of command.

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[14] Source: Department of State *Bulletin*, November 1989, p. 62. Tutwiler read the statement at the outset of the Department of State Daily Press Briefing beginning at 12:40 p.m.

Assistant Secretary Kelly was in repeated contact—more than a dozen times—yesterday with Ambassador McCarthy, throughout the day and the night, consulting the Secretary frequently for guidance as details were worked out with the Ambassador. Secretary Baker himself chaired approximately 8–10 meetings yesterday on this subject and the course of the evacuation on September 5.

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255. U.S. Support for the Arab League's Peace Initiative

Prepared Statement by the Assistant Secretary of State for Near Eastern and South Asian Affairs (Kelly), September 19, 1989 (Extract)[15]

. . . .

. . . I would like to lay out for you the administration's views about Lebanon. First, let me explain our decision to temporarily withdraw our Embassy personnel from Beirut. As we stated at the time, the action was taken when we concluded that the mission could no longer conduct its work and that there was a significantly increased risk to our American staff. The evacuation is temporary and we intend to return our staff as soon as we are convinced that circumstances exist in which our presence can be reasonably safe and effective. The decision does not represent a change in policy. It is not, as some would say, "an abandonment of Lebanon." We are deeply committed as a nation to helping Lebanon through this difficult time and we are deeply committed as a people to helping end the anguish and pain of all Lebanese.

We warmly welcome the decision of the Arab League Higher Committee on Lebanon to reengage. On Saturday, September 16, Saudi Foreign Minister Prince Saud announced a 7-point Arab League plan on Lebanon.[16] The plan consists of a cease-fire, lifting of all blockades, and a meeting of parliament to discuss national reconciliation. It also asks Lebanese to pledge not to acquire weapons and ammunition, and asks others to pledge not to ship any to Lebanon. Finally, the implementation of the proposal begins with a trip of Arab League Assistant Secretary General Lakhdar Ibrahimi to Beirut. Ibrahimi arrived in Beirut to begin his work this past Sunday.

We believe that the Arab League's plan provides a constructive basis upon which all parties to the conflict in Lebanon can engage in a political process, devoid of violence and coercion. We are pleased that the Committee calls for a cease-fire and lifting of all blockades, and sets a date for a meeting of Lebanon's parliamentarians to discuss national reconciliation. These are essential first steps on the path to restoring a strong central government in control of all of Lebanon's territory and to achieving the withdrawal of all foreign forces and the disbandment of militias, objectives we all share.

We therefore call upon all parties to stop the fighting, lift the blockades, and allow a political process of reconciliation to begin.

Our humanitarian commitment to Lebanon has not lessened. Our aid programs continue, administered through private voluntary organizations on the ground. U.S. food aid currently provides about half of the food for 800,000 Lebanese in all regions and communities in Lebanon. In fact, the next shipment of about $5 million of rice, lentils, and vegetable oil under P.L. 480 Title II food aid is due to arrive in Lebanon later this month.

This administration considers our efforts to assist Lebanon an important part of our overall Middle East policy. We will, therefore, continue our active diplomatic efforts to promote a political resolution to the conflict that can end the senseless bloodshed and suffering.

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[15] Source: *Developments in the Middle East, September 1989: Hearing Before the Subcommittee on Europe and the Middle East of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1990), pp. 8–10.

[16] For text of the Arab League peace plan which includes an invitation for members of the Lebanese chamber of deputies to meet on September 30 to discuss a "document of national concord," see Foreign Broadcast Information Service, *Daily Report: Near East and South Asia*, September 18, 1989, p. 1.

Now is the time for all of those with an interest in bringing peace to Lebanon, and for all of those who have been involved in Lebanon, to support the Tripartite Committee's efforts, so that the process of peace and healing can begin.

. . . .

256. U.S.-Soviet Support for Peace in Lebanon

Joint Statement by Secretary of State Baker and Foreign Minister Shevardnadze, Jackson Hole, Wyoming, September 23, 1989[17]

While expressing their deep concern over the absence of peace and a settlement in Lebanon, the United States and the Soviet Union reaffirm their urgent appeal to take all necessary measures to bring to an end the sufferings of the Lebanese people and urge a continued search for a political solution of the Lebanese crisis. They reaffirm the assumption that there is no military solution to the problems of that country. A constructive dialogue between Lebanese, who themselves must reach lasting agreements on peaceful arrangements in Lebanon on the basis of a balance of interests, is the only rational path toward national reconciliation.

The United States and the Soviet Union welcome the resumption of the peacemaking mission of the Tripartite Committee of the Arab League on Lebanon in accordance with the mandate entrusted to it by the Casablanca Arab summit and the committee's efforts aimed at a cease-fire, the lifting of blockades, and initiation of the process of political settlement.[18] They call upon all the parties involved in Lebanese affairs to respond positively to these efforts and to do their utmost to support the Tripartite Committee's action to complete its work successfully. They also note the importance of extending strong international support for the activities of the Tripartite Committee and, for their own part, intend to proceed further in this direction. Both sides reaffirm their resolute position in favor of preserving the sovereignty, territorial integrity, and independence of the Lebanese state.

The United States and the Soviet Union condemn any acts of taking hostages and demand that they be set free no matter where or by whom they are held captive.

257. Support for the Lebanese Parliament's National Reconciliation Agreement

Statement by the President's Press Secretary (Fitzwater), October 23, 1989[19]

The President welcomes the news that the Conference of Lebanese Parliamentarians in Taif, Saudi Arabia, has resulted in an agreement[20] for national reconciliation in Lebanon. We commend the Arab League's Tripartite Committee for its important role in facilitating this agreement. The President congratulates the Lebanese Deputies for their courage and statesmanship, which have yielded an extraordinary opportunity to bring lasting peace to Lebanon. This is the first step toward restoration of a sovereign, unified, and independent Lebanon, free of all foreign forces. The President calls upon all concerned in Lebanon and in the international community to join the United States in supporting the process of peace and reconciliation launched by the Taif agreement.

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[17] Source: Department of State *Bulletin*, November 1989, pp. 9–10.

[18] For text of the Arab League Summit Conference's May 26 resolution on Lebanon, see Foreign Broadcast Information Service, *Daily Report: Near East and South Asia*, May 30, 1989, pp. 6–7.

[19] Source: *Weekly Compilation of Presidential Documents*, October 30, 1989, p. 1590.

[20] The Lebanese National Accord set forth proposals for constitutional reforms and for the dissolution of militias, the withdrawal of foreign armies, and the definition of Lebanon's relations with Syria. For text, see Foreign Broadcast Information Service, *Daily Report: Near East and South Asia*, October 24, 1989, pp. 1–6

258. Election of President Moawad

Statement Issued by the Department of State, November 5, 1989[21]

The United States warmly welcomes the election of Rene Moawad as President of Lebanon and the ratification by Parliament of the Taif agreement. We extend to President Moawad our sincere congratulations and best wishes.

Now that there has been a constitutional election, all parties in Lebanon should accept President Moawad as the head of the Lebanese state. We ask all parties to refrain from violence and intimidation and aid President Moawad in reunifying Lebanon.

Gen. Awn, with his confrontational tactics and threats of partition, does a disservice to the state and people he claims to defend. We believe that the overwhelming majority of Lebanese wish for an end to 14 years of war and a restoration of Lebanon's unity, independence, and sovereignty. The election of President Moawad and the ratification of the Taif agreement are the first steps toward achieving those goals, as well as the withdrawal of all foreign forces. We call upon Gen. Awn and the armed forces to respect the results of Parliament's action.

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259. Assassination of President Moawad

Statement Read by the Department of State Spokesman (Tutwiler), November 22, 1989[22]

We condemn in the strongest terms the car bomb attack today in West Beirut that claimed the life of President Moawad. Our hearts go out to President Moawad's wife and the families of the others killed in the attack.

Whoever is eventually held responsible for this cowardly act, it is obvious that it clearly was intended as an assault on the process of national reconciliation. It is an attack on all those who so courageously are seeking to put an end to the tragedy in Lebanon. It is an attack on hope. It is an attack on any efforts to create a peaceful, democratic future for Lebanon.

The murder of this constitutionally elected President underscores the urgent need for all groups in Lebanon to unite behind the Government of Lebanon and the efforts of Lebanese Parliamentarians. We trust that the tragic death of this man, who courageously worked for peace, will strengthen the resolve of and serve as a symbol to all Lebanese and the Arab League in their efforts to restore the unity and independence of Lebanon.

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260. Election of President Hraoui

Statement Issued by the Department of State, November 24, 1989[23]

The United States welcomes the election today of Elias Hraoui as the new President of Lebanon.

We extend to President Hraoui our sincere congratulations and best wishes.

We applaud the courage of the Lebanese Parliamentarians, whose strong resolve has seen them through the tragic events of last Wednesday.

We hope that this swift action by Lebanon's Parliament ensures that the death of President Moawad will only make the country's government more determined to carry out a program of reform leading to national reconciliation.

Lebanon has seen enough of assassination and violence. We call once again on all Lebanese, including the Armed Forces, to unite behind President Hraoui to work for reconciliation, not division; for reunification, not partition; for a better future, not a continuation of the bitter past.

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[21] Source: Department of State files. Ambassador John T. McCarthy presented his credentials to President Moawad in Ihdin on November 19.

[22] Source: Office of Press Relations, Department of State. The statement was read during the Department of State Daily Press Briefing which began at 12:36 p.m.

[23] Source: Office of Press Relations, Department of State; posted statement.

J. North Africa

261. Libya's Chemical Weapons Program

Statement Read by the Department of State Acting Spokesman (Oakley), January 1, 1989[1]

We have discussed with a number of governments, including but not limited to the Federal Republic of Germany, the serious danger posed by Libya's chemical warfare program. We and other governments are seeking to deny Libya the foreign assistance we believe is essential for full development of this capability.

With regard to West Germany, we are confident that it is taking the information we have provided very seriously and is investigating fully. It has, in the past year, vigorously pursued and prosecuted such cases. Stemming from an investigation that began in November 1987, the West German Government and public prosecutors currently are looking into the activities of companies believed to have helped in the construction of chemical warfare facilities in Iraq. Like the United States, the Federal Republic of Germany is a member of the Australian group which seeks to prevent the proliferation of chemical weapons.

With regard to the Libyan chemical warfare program, we understand that the appropriate German authorities are still conducting their investigations. As with other countries with which we have talked regarding this problem, this is an on-going matter. West Germany has also announced that it is reviewing its export control laws. We understand that an interim report on this subject will be presented to the cabinet soon.

For our part, the United States has provided interested countries information available to us. We believe this information is conclusive with regard to the activities of various foreign firms in the Libyan chemical warfare program. Of course, whether such activities are illegal, and the role of our information on any legal proceedings, depends on the existing national laws affecting such activities. Our dialog with the West German and other governments on this matter is continuing.

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262. Libyan Attack on U.S. Aircraft

Statement by the Secretary of Defense (Carlucci), January 4, 1989[2]

The Chairman[3] and I are here to present the facts of the Libyan incident, as we understand them at this point; and let me emphasize that. These are preliminary reports and preliminary reports are never 100% accurate. There are always changes in detail. But in the interest of getting to the American public and the world in general the information that we have, we're going to present a statement based on that information, but I urge you to take into account the fact that preliminary reports sometimes do change.

This morning at about 5 a.m. Eastern Standard Time or 12 a.m. local time in the Mediterranean, two Libyan MiG–23 aircraft were shot down in self-defense by American F–14s with air-to-air missiles. Two parachutes were sighted, and a Libyan search-and-rescue helicopter was later detected headed for the area. The U.S. Navy aircraft were operating from the aircraft carrier U.S.S. *John F. Kennedy,* which was off the southwest tip of Crete and about 127 miles north of Tobruk, Libya.

At the time of the incident, both the ship and its aircraft were conducting training operations in international waters. The two F–14s were providing combat air patrol approximately 50 miles south of the *Kennedy,* which is some 70 miles north of the northeast Libyan coast. The MiG aircraft were detected shortly after they left al-Bumbah at about 4:50 a.m. EST and were tracked as they closed the two F–14 aircraft. The F–14 pilots maneuvered to avoid the closing aircraft. They changed speed, altitude, and direction. The Libyan aircraft continued to close in a hostile manner. At about 14 miles, the U.S. section leader decided his aircraft were in jeopardy, and they could wait no longer. One MiG–23 was shot down with a Sparrow missile. The second MiG was shot down by a Sidewinder missile at 6 miles.

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[1] Source: Department of State *Bulletin,* March 1989, p. 71.

[2] Source: Department of State *Bulletin,* March 1989, p. 70. Secretary Carlucci made the statement during a press briefing at the Pentagon.

[3] Reference is to the Chairman of the Joint Chiefs of Staff, Admiral William Crowe.

These 6th Fleet ships and aircraft were operating in international waters and international airspace at the time of the incident and posed no threat to Libya. These routine operations are of the same type that have been conducted in the same area many times in the past. The 6th Fleet operations have no connection whatsoever with Libya's newly constructed chemical facility. These operations, which were conducted over 600 miles northeast of the plant, had nothing to do whatsoever with that plant. We now consider this matter closed.

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263. The U.N. Security Council and the U.S.-Libyan Dispute

Statement by the Acting Permanent Representative to the United Nations (Okun) Before the U.N. Security Council, January 11, 1989[4]

Mr. President, the United States will vote against this draft resolution.[5] Its clear purpose is to criticize the United States for actions, taken in self-defense, that are entirely lawful and consistent with the U.N. Charter. This draft resolution, moreover, contains language inconsistent with the principle of freedom of navigation in international waters, a matter which should concern all nations.

Mr. President, permit me to review briefly and dispassionately the facts of this incident, which some have sought to obscure during the debate. Ships and aircraft of the U.S. Navy were conducting routine operations on and over international waters, far from the shores of Libya. They had conducted similar operations several times in the previous year, in similar locations. Unlike other Libyan aircraft that had previously observed such operations, the two Libyan MiGs in question did not fly in routine observation patterns. They flew flight patterns consistent with aggressive, hostile intent, and when our pilots attempted to evade them the Libyan pilots pursued, repeatedly.

These were not unarmed Libyan reconnaissance aircraft, as this Council has been told. They were highly sophisticated fighter aircraft, and we have shown the Security Council and the world photographic proof that they were armed. Faced with this combination of equipment and behavior, our pilots were wholly justified in concluding they were in imminent danger of being fired upon, and they exercised their irrefutable and legitimate right of self-defense under Article 51 of the Charter, as we promptly informed the Council.

I would like to emphasize, Mr. President, that this unfortunate incident, which has occupied so much of the Security Council's time, was an isolated incident. It was not related to anything else in our relations with Libya, as some have repeatedly asserted. We were going peacefully about our business, on the high seas, far from Libyan waters and airspace. We did not seek confrontation then, and we do not seek it now. We consider this incident closed.

We cannot, however, ignore the insinuations that have been raised in this debate and in the draft resolution being voted. Therefore, we must oppose the draft resolution.

We view as wholly unacceptable any effort to criticize the United States for actions which were taken, in accordance with the U.N. Charter and international law, in self-defense in the face of unprovoked hostile acts by Libya, or to circumscribe our right to navigate freely in international waters.

The various changes made in the language of this draft resolution make it no less objectionable. We continue strongly to oppose it, and the ideas it represents. Thank you, Mr. President.

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[4] Source: U.S. Mission to the United Nations Press Release USUN 4–(89), January 11, 1989.

[5] The draft resolution failed of adoption by a vote of 9 to 4, with 2 abstentions; for text, see U.N. doc. S/20378.

264. International Cooperation Against Libyan Chemical Weapons Production

Press Conference by Secretary of State Shultz, Vienna, January 17, 1989 (Extract)[6]

. . . .

Q. You said you had discussed the Libyan plant with Foreign Minister Genscher. From what you could tell us, the German Government has acknowledged so far only that it has seen indications of West German companies' participation in building this plant. Given the detailed information that the American Government says it has, how long do you expect it will take the German Government to get more than just indications of such participation in building this plant?

A. We have been assured by the key people in the German Government—the Chancellor, the Foreign Minister, and most recently the Finance Minister—of the seriousness with which the German Government takes this issue. They are investigating it carefully; if they find their legal structure is such that undesirable things are happening without an ability of the government to do anything about it they will try to change those laws. They have given us assurances of their seriousness of purpose here, and I take those assurances very seriously.

Q. Do you think that prosecution in this case is the only thing that will send a message to companies?

A. I don't want to comment on the internal German judicial processes and how they're going to go about this issue. But we believe in the United States as we've said, and I believe, having reviewed our evidence, there is no question whatever that Qadhafi is trying to equip himself with a major chemical weapons production facility. And he hasn't quite got there yet. He needs aid from the outside in order to get there. We're trying to do everything we can to throw every conceivable monkey wrench we can find into his machinery. And in doing so, I think we're acting on your behalf as well as my behalf. I don't want poison gas dumped on me. Do you? And I don't want Qadhafi to have it or to have the ability to give it to some terrorists. That's why we're struggling so hard at this issue.

Furthermore, it's an important element in the fight against the proliferation of chemical weapons. We had a very productive and impressive conference in Paris.[7] I might say the French did a beautiful job of running it. And, of course, when people consider this issue, we dwell on the difficulty of verification, and it is difficult to verify certain things. You can drive yourself crazy looking at things people could do that would deceive you.

But, the fact is that the intelligence agencies around the world know a great deal about who is producing chemical weapons, where they're producing the chemical weapons. We even know when people have tried to do it in a very deceptive manner, and we have been able to trace through the different front companies and all of that. So you can find out about the deception.

Now what we have to say is, verification is difficult, but when you have something that's verifiable and identifiable, then the next question is, will you do something about it? And so we are engaged here in a consciousness-raising operation on something I think is very important. And don't forget; it's not only chemical weapons, it's biological weapons. These things are terrible as far as mankind is concerned.

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265. Modification of U.S. Sanctions Against Libya

Statement by the President's Press Secretary (Fitzwater), January 19, 1989[8]

The President has authorized the Department of the Treasury to modify the special licenses of American oil companies operating in Libya.

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[6] Source: Department of State *Bulletin*, p. 53. The press conference was held following the conclusion of the CSCE follow-up meeting in Vienna.

[7] See Documents 18 ff.

[8] Source: *Weekly Compilation of Presidential Documents*, January 23, 1989, pp. 84–85.

In 1986 when the United States imposed broad trade sanctions against Libya,[9] the Department of the Treasury authorized American oil companies operating in Libya to negotiate standstill agreements with the Libyan Government. Those agreements provided for a suspension of company operations in Libya to protect the companies from charges of default on their contractual obligations to work their concessions in Libya. The 1986 standstill agreements expire June 30, 1989.

The President's decision has been taken to protect U.S. interests. It will eliminate the significant financial windfall which Libya has been receiving under the 1986 standstill agreements by marketing the U.S. oil companies' equity shares of oil liftings. It also protects the U.S. oil companies from a potential breach of contract claim, under which the Libyan Government might otherwise attempt to seize the oil companies' assets in Libya and withdraw the companies' concession rights there. The effect of the decision will be to permit the U.S. oil companies, subject to the restrictions on trade and travel which remain in effect, to resume their operations in Libya, transfer operations to foreign subsidiaries, or sell their assets.

The United States trade embargo against Libya and the freeze of Libyan assets in the United States, which were renewed January 7, 1989, for 1 year, remain in effect, as do the bans on travel-related transactions and the use of U.S. passports for travel to Libya.

This decision does not represent a change in the attitude of the U.S. Government toward Libya. We remain deeply concerned about Qadhafi's continued support for terrorism and subversion as well as Libyan efforts to develop a chemical weapons capability.

266. Reported Conversion of Libya's Rabta Facility

Daily Press Briefing by the Department of State Spokesman (Redman), March 2, 1989 (Extract)[10]

. . . .

Q. Chuck, is it the official assessment of the administration that Libya is going to try to turn the Rabta plant back into a pharmaceutical facility?

A. The first point to make, of course, is this Rabta facility has been built as a chemical weapons facility—no question about that. I can't go into specific intelligence reports, as you know.

More generally, I would point out what we have said previously, which is that a CW plant can be easily modified to appear as a legitimate industrial chemical plant, such as a pharmaceutical or fertilizer facility. All the traces of CW production could be erased from a plant on extremely short notice. That's the reason why any one-time inspection of the Rabta facility would do nothing to alleviate concerns about the true nature of the plant.

Q. But is it your sense that they are getting out of the chemical weapons business?

A. No, not at all.

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[9] For text of Executive Order 12543, January 7, 1986, see *American Foreign Policy: Current Documents, 1986*, pp. 443–444.

[10] Source: Office of Press Relations, Department of State. The briefing began at 12:27 p.m.

267. Overview of U.S. Relations With Algeria, Morocco, and Tunisia

Prepared Statement by the Deputy Assistant Secretaries of State for Near Eastern and South Asian Affairs (Walker and Burleigh), April 19, 1989 (Extract)[11]

. . . .

North Africa

North Africa is a region of key importance to the United States. Forming the southern littoral of the Western Mediterranean, it is vital to the security of southern Europe and to U.S. communications in the Mediterranean.

The North African nations, though differing in political systems and history, face the challenges of rapidly increasing populations, rising expectations, and burdens of external debt. All seek to implement reforms under difficult circumstances. Our assistance programs support orderly economic restructuring, promote regional stability, and provide markets for U.S. exports. Our FY 1990 assistance requests are designed to support these policy aims within the limits of budgetary stringency.

The last year has seen significant developments in North Africa. Algerian-Moroccan rapprochement has changed the regional picture from conflict to cooperation. Algeria, Libya, Mauritania, Morocco, and Tunisia announced on February 17 the formation of the Arab Maghreb Union (AMU), an association modeled on the EC.

There has also been progress on the Western Sahara. After the restoration of diplomatic ties between Algeria and Morocco, Morocco and the Polisario agreed to accept a plan put forward by U.N. Secretary-General Perez de Cuellar for holding a referendum to decide the future of the territory, although details are still to be worked out. A U.N. Special Representative is now working with the parties. In early January, King Hassan met in Marrakesh with Polisario representatives.

While much effort will be required to sustain current levels of progress toward regional conciliation and cooperation, the United States is encouraged by recent developments and believes they can lead to enhanced stability and development in North Africa.

Libya remains a negative factor. While we are supportive of cooperative regional arrangements, we are not convinced that Libya's inclusion will benefit regional stability. According to our assessment, Libya continues its support for international terrorism and subversion. And, as discussed above, we are particularly worried by evidence that Libya has developed a chemical weapons capacity at its Rabta facility.

Morocco

The United States and Morocco have an historic friendship based on shared interests, cooperation, and mutual respect. King Hassan consistently uses his prestige as an Arab and Islamic leader to support moderate approaches to regional problems. Morocco makes important facilities available to the United States, including transit rights for U.S. aircraft, a site for a VOA transmitter, and an emergency landing field for the space shuttle.

Morocco is making good progress on its economic problems and has reduced its current account and public sector deficits. Longer-term reforms, including privatization of public enterprises, are being debated and implemented. The results last year—real growth of 9 percent, low inflation, and a current account surplus, were encouraging.

Continuing challenges remain, including unemployment and underemployment, an external debt burden, and population growth. Our economic and food assistance is designed to increase growth, improve food production, promote family planning, and improve natural resource management.

Our FMS and IMET requests will help sustain existing inventories of U.S. equipment in the context of a longstanding defense cooperation relationship.

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[11] Source: *Foreign Operations Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 7, pp. 823–828. Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, David R. Obey, presided over the session. For additional extracts from this statement, see Documents 197, 221, 226, 240, and 245.

Tunisia

Our historic friendship with Tunisia remains strong. Under President Ben Ali, Tunisia is making an extraordinary effort to revitalize itself as a pluralistic, open society.

Since 1986, Tunisia has implemented a comprehensive economic reform program to deal with a crisis which had been building for years. There has been real progress, with Tunisia meeting all key targets of an IMF/World Bank structural adjustment program. In 1988, however, the worst drought in memory followed by locust invasion caused serious crop damage and added to normal strains associated with an austerity program.

The U.S. response is to underline support for Tunisian security and development. Our assistance now bolsters economic reform and private sector promotion, in line with what the Tunisian Government itself is trying to do. Recognizing Tunisia's special need, our FY 1990 request asks for a slight increase over FY 1989.

Our military assistance request for FY 1990 will provide spare parts, maintenance and training to support recent equipment purchases.

Algeria

U.S. relations with Algeria have steadily improved since 1981 as Algeria has diversified its international relationships. Algeria's role in obtaining the release of American hostages, Vice President Bush's trip in 1983 to Algiers, and the U.S. visit of President Bendjedid in 1985 have been milestones.

An expanding population, rising expectations, and dependence on hydrocarbons are problems for Algeria. Growing frustrations over high prices, unemployment, and shortages of basic commodities came to a head in October with rioting in urban centers. The government of President Bendjedid is moving to carry out a program of economic and political liberalization.

The United States seeks to support Algeria's reform effort in various ways under existing budgetary constraints. In addition, we seek to expand economic and commercial cooperation and to redress a trade imbalance heavily favoring Algeria by increasing sales of U.S. goods and services. Algeria is already an important customer of U.S. agricultural commodities. We propose to continue our modest military relationship to encourage Algeria's effort to diversify sources of military supply and training.

Thank you and we look forward to your questions.

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268. Continued Libyan Support for International Terrorism

Daily Press Briefing by the Department of State Spokesman (Tutwiler), October 26, 1989 (Extract)[12]

. . . .

Q. Do you have any comment on Libya's overtures to the United States on Mr. Qadhafi's renunciation of terrorism,[13] and he said that he will not support any more terrorist groups around the world?

A. Yes. The U.S. Government is interested in actions, not words. As it stands today, the notorious Abu Nidal organization is still headquartered in Tripoli and Libya still has close ties with Abu Nidal.

Furthermore, Libya is still supplying funds, weapons, safe havens, and training facilities to such groups as the Japanese Red Army, the provisional IRA, the PFLP-GC and other terrorist groups. Libya is also still trying to acquire a chemical weapons capability and is engaged in destabilizing efforts around the world.

We want to see irrevocable actions, not pronouncements or short-term adjustments that can be reversed.

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[12] Source: Office of Press Relations, Department of State. The briefing began at 12:14 p.m.

[13] Reference is to an interview with Mu'ammar Qadhafi that was later published by the Egyptian magazine *Al-Musawwar*. See Foreign Broadcast Information Service, *Daily Report: Near East and South Asia*, October 26, 1989, pp. 22–24.

269. Visit of President Ben Ali of Tunisia

Press Briefing by the President's Press Secretary (Fitzwater), November 14, 1989 (Extracts)[14]

. . . .

[MR. FITZWATER.] . . . The President just completed a meeting with President Ben Ali of Tunisia. He's here on a private visit, but called on President Bush in the Oval Office. This was the first meeting between the two leaders since the President has been President, obviously. They met when he was Vice President.

They reaffirmed the friendship between the United States and Tunisia, discussed and touched on Tunisia's program of political and economic reforms and addressed ways to enhance the historically close political and economic cooperation between the two countries.

The two Presidents also reviewed regional and other international issues. President Ben Ali accepted President Bush's invitation to return to the United States for a state visit in May of 1990.

. . . .

Q. Tunisia has a military debt toward the United States. They want that to be cancelled. Did he ask for that? Is the United States ready for that?

MR. FITZWATER. That was not on the agenda, and I did not get to sit in on the meeting, so I don't know. I'm not aware.

Q. Tunisia has also from time to time worked as an intermediary on Middle Eastern issues. Do you know, did they talk specifically about the Middle East peace process or about the Lebanese hostages and any role that Tunisia might play on that?

MR. FITZWATER. They talked generally of the Middle East peace process. President Bush expressed his views on Qadhafi, urging caution and reserve in that area. The President thanked him for hosting the U.S.-PLO dialog. Ambassador Pelletreau was in the meeting. And did discuss Lebanon, and the President indicated his support for the Arab League and the Taif process. But I don't have anything more specific with regard to the peace process.

. . . .

K. Syria

270. Démarches to Syria on Terrorism

Daily Press Briefing by the Department of State Acting Spokesman (Boucher), December 14, 1989 (Extract)[1]

. . . .

Q. Richard, do you have any comment on a story in the *Washington Post*—I think it was the column of Jack Anderson—about the United States demanding from Syria to expel Ahmed Jabril?

A. I don't have any comment on the report since it attempted to predict what we were going to do in a diplomatic démarche.

I can review for you the discussions we have had with Syria on this subject of terrorism. We have had extensive discussions and have made repeated démarches to the Syrian Government on the issue of terrorism and Syrian support for terrorism groups.

This is a major item on our bilateral agenda with Syria. To date, we're not satisfied with the Syrian Government's responses and we think the Syrian Government can do more.

We've discussed Pan Am 103 with the Syrians on a number of occasions in diplomatic channels. We have urged their full cooperation in finding those responsible. That said, there are naturally limits on the specifics that I can provide on those discussions, given that the criminal case is still under active investigation and that much of what we have learned to date is the product of sensitive sources and methods.

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[14] Source: Office of the Press Secretary to the President. The briefing, which began at 11:40 a.m., was conducted in the Briefing Room of the White House. President Ben Ali made a private visit to the United States, November 12–14.

[1] Source: Office of Press Relations, Department of State. The briefing began at 12:49 p.m.

The Syrian Government, however, at the highest levels has told us that if it is presented with firm evidence that any group or individuals within its purview are responsible for Pan Am 103, the Syrian Government will take action against them.

. . . .

Document 270

Chapter 12. South Asia

A. Regional and General Policies

271. Review of Programs in South Asia

Statement by the Acting Assistant Secretary of State for Near Eastern and South Asian Affairs (Hare), June 13, 1989 (Extract)[1]

. . . .

South Asia is an area of increasing importance. Home to one-fifth of the world's population, it borders the Soviet Union, China, and the Persian Gulf littoral. Following the Soviet withdrawal from Afghanistan,[2] prospects for peace and valuable forum for promoting regional understanding and for dealing with issues such as narcotics and terrorism.

We are disappointed that India and Nepal are unable to resolve their differences over the nature of their relationship and that India's actions have sharply restricted trade and economic activity in Nepal. We have urged both countries to begin talks and expressed our concern over the hardship this situation is causing the people of Nepal.

Afghanistan: Fighting continues in Afghanistan between the Afghan resistance and the Najibullah regime in Kabul. We believe the Kabul regime's departure is inevitable, and support Afghan efforts to create a stable, broad-based government responsive to the will of the Afghan people.

The Soviet occupation devastated Afghanistan, destroying roads, irrigation works, clinics, and schools. Food and livestock production capability has been severely damaged. Five million Afghan refugees will face the difficult task of rebuilding their country in the wake of this destruction. Our cross-border humanitarian assistance program aims to assist civilians in Afghanistan and refugees in Pakistan, delivering food and other commodities, and funds for health care, agricultural, and educational projects. For FY 1990, we are requesting $35 million in ESF and $35 million in development assistance. Also, $17 million in P.L. 480 food aid and $10 million in DOD humanitarian relief are expected to be provided. Aside from these resources, we continue to make a significant contribution to the multilateral food aid effort through the World Food Program.

Pakistan: Pakistan has been a key partner of the United States in preventing the expansion of Soviet influence in South Asia and is vital to the security of South Asia. Pakistan strongly supported the Afghan resistance and has provided a home for over 3 million Afghan refugees. Pakistan also cooperates with us in a wide range of other areas, including control of narcotics trafficking.

The emergence of the new democratic government in Pakistan is one of the most promising developments in many years. We were especially pleased to welcome Prime Minister Bhutto to Washington last week.[3] Her government is committed to a significant reform program and has made major advances in several areas, such as human rights. Also, although economic growth has been impressive, Pakistan remains a poor country, with a per capita income of about $390. There are heavy demands on social services by Pakistan's large (108 million) and rapidly growing population.

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[1] Source: Department of State files. Hare made this statement before the Subcommittee on Foreign Operations of the Senate Appropriations Committee.

[2] The Soviet withdrawal of military forces from Afghanistan was completed February 15. For President Bush's statement about this event, see *infra*.

[3] See Document 279.

Our proposed assistance for FY 1990 is the third year of a 6-year program (FY 1988–1993) aimed at helping Pakistan continue a limited and much-needed modernization of its armed forces while strengthening the economic basis of a growing, stable society. We believe it is particularly important to provide our full request for FY 1990, $241 million in military assistance and $380 million in economic aid, to meet these objectives and to demonstrate our support for democratic government in Pakistan.

India: The United States and India share a dedication to democratic government. The largest and most populous state in South Asia, India is also an emerging power whose influence is felt beyond the region. India has a large and increasingly sophisticated industrial and technological base. Its growing military capability includes the fourth largest armed forces in the world and new, expanded capabilities, including a nuclear attack submarine leased from the Soviet Union.

Since 1981, the United States has increased its high-level dialog with India to expand economic, commercial, and high technology ties. The United States is India's largest trading partner; in 1988, India's exports to the United States were $3.2 billion and U.S. exports to India totaled $2.5 billion. We have also begun cooperation with India in defense technology transfer, as India seeks to increase its indigenous production capability and to reduce dependence on foreign, primarily Soviet, sources of supply.

Our $25 million development assistance program to India for FY 1990 is focused on science and technology cooperation. The World Bank and the Asian Development Bank, to which the United States is a major contributor, are the primary sources for development aid to India. We also have an IMET program of $400,000 which encourages contact between Indian and U.S. military services

Bangladesh: U.S. interests in Bangladesh have historically centered on humanitarian concerns and economic development. Bangladesh is one of the world's poorest countries, with a per capita income of only $160. It continues to be extremely vulnerable to natural disasters such as floods and drought. Last fall, 25 million people were left homeless by flooding which inundated 75 percent of the country. Our economic assistance program of $55 million in development assistance and $79 million in P.L. 480 food aid is aimed at increasing agricultural production, expanding employment, and reducing population growth.

Politically, Bangladesh is struggling to transform itself from a system dominated by the military and the ruling party to one which is more broadly based. The United States has made clear that Bangladesh's political progress is important for U.S.–Bangladesh relations. The administration supports efforts by the U.S. Congress to take into account the development of Bangladesh's democratic institutions when considering U.S. assistance levels. Our military assistance to Bangladesh has been limited to a modest IMET program to encourage military professionalism.

Sri Lanka: Sri Lanka's strong democratic tradition—recently reaffirmed in presidential and parliamentary elections—is an abiding link between our two countries. We are requesting $18 million in development assistance, $16 million in P.L. 480 food aid, and $200,000 for military training for Sri Lanka in FY 1990.

Ethnic strife which erupted in 1983 between the majority Sinhalese and minority Tamil communities still plagues Sri Lanka, as does violence within the Sinhalese community by the radical "Peoples' Liberation Front" (JVP). We continue to support efforts to resolve the violence, which has left 1,500 people dead this year alone.

Despite high literacy and life expectancy, Sri Lanka remains a poor country, with a per capita income of less than $400. Our assistance program centers on improving agricultural productivity and promoting private sector development.

Nepal: The United States and Nepal have a history of good relations. Nepal exercises a moderating influence in the Non-Aligned Movement and is a key contributor to international peace-keeping forces such as the U.N. Interim Force in Lebanon (UNIFIL) and the U.N. Good Offices Mission to Afghanistan and Pakistan (UN-

GOMAP). It began a 2-year term on the U.N. Security Council in January 1988.

Nepal's difficult terrain, isolation, lack of resources, and high population growth are obstacles to development. Our development assistance program of $12 million for FY 1990 supports agricultural development, improved health care, and education programs. We also are requesting $125,000 in IMET to promote military-to-military links.

Thank you for this opportunity to review our programs in the region and I look forward to your questions.

B. Afghanistan

272. Soviet Withdrawal From Afghanistan

Statement by President Bush, February 16, 1989[1]

Today marks the start of a new chapter in the history of Afghanistan. For the first time in over 9 years, Soviet forces no longer occupy that country. This development marks an extraordinary triumph of spirit and will by the Afghan people, and we salute them for it.

Much remains to be done, however. For the Afghan people, the struggle for self-determination goes on. We support Afghan efforts to fashion a stable, broadly based government, responsive to the needs of the Afghan people. We call upon Afghan resistance leaders to work together toward this end. As long as the resistance struggle for self-determination continues, so too will America's support.

Throughout the long dark years of Afghanistan's occupation, the international community has been steadfast in its support of the Afghan cause. This is also true for the United States. U.S. support for the Afghan people and the subsequent Soviet military withdrawal from Afghanistan constitute a powerful example of what we Americans can accomplish when the Executive and Congress, Republican and Democrat, stand together. The Government and people of Pakistan also can take particular satisfaction from this event; their courage and solidarity contributed significantly to the Afghan struggle.

Now, more than ever, the Afghan people deserve the continuing help of the international community as they begin the difficult process of reclaiming their country, resettling their people, and restoring their livelihood. The commitment of the United States to the Afghan people will remain firm, both through our bilateral humanitarian aid program and through United Nations efforts to remove mines, resettle refugees, and reconstruct Afghanistan's war-torn economy. We call upon other nations to contribute all they can and hope that the United Nations and the resistance can come to mutually acceptable arrangements for the nationwide distribution of needed food supplies.

The Soviet Union has now fulfilled its obligation to withdraw from Afghanistan.[2] We welcome that decision. We call upon the Soviet Union to refrain from other forms of interference in Afghan affairs. The Soviet Union has nothing to fear from the establishment of an independent, nonaligned Afghanistan. At the same time, the U.S.S.R. bears special responsibility for healing the wounds of this war, and we call upon it to support generously international efforts to rebuild Afghanistan.

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[1] Source: *Weekly Compilation of Presidential Documents,* February 20, 1989, pp. 210–211. The Soviet withdrawal of military forces from Afghanistan was completed February 15.

[2] For texts of agreements signed at Geneva April 4, 1988, concerning Soviet withdrawal from Afghanistan and related matters, see *American Foreign Policy: Current Documents, 1988,* pp. 476–484.

273. Developments in Afghanistan

Prepared Statement by the Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs (Schaffer), February 21, 1989[3]

I am delighted to have a chance to talk about Afghanistan a week after the Soviet troops have completed their withdrawal. Although many problems remain for the people of Afghanistan, their biggest problem, the occupation of their country by foreign troops, is now over. I understand that the aerial bombardment of Afghanistan by aircraft stationed in the Soviet Union has also ceased since February 15.

The questions remaining are political ones: self-determination for the Afghan people, the return of the refugees in safety and dignity, and the restoration of Afghanistan to its rightful place as a fully sovereign independent nation-state.

As the President said last Thursday in connection with his statement on Afghanistan: "We support the Afghan efforts to fashion a stable, broad-based government responsive to the needs of the Afghan people."[4] Major steps are being taken in that direction right now in Rawalpindi where a consultative council or Shura is being held with over 500 Afghans representing various factions in an effort to select an interim government and work out a selection process for the future. It is important to note that the process envisages not just selection of an interim government, which we understand would last for approximately 8 months, but it also anticipates establishing procedures for selecting what we might call a constituent assembly.

We support this process as an expression of the views of the Afghan people. We have no candidate or group which we support, nor any political blueprint for how the successor Afghan government should be organized. We are confident, however, that it will be neither Communist nor Messianic-Islamic.

In the meantime the Kabul regime is in a state of turmoil. The Prime Minister has gone, and most nonparty members of the cabinet have been sacked. There is an impression of circling the wagons of an unpopular illegimate regime which faces inevitable collapse.

I wish I could say when that would happen, but like so many things Afghan, it is very hard for outsiders fully to understand their political process. It does seem clear, however, that the Resistance Alliance hopes to be able to encourage or force surrenders of various units and thereby limit if not eliminate the necessity for major assaults on the cities remaining in regime hands.

We all hope that this strategy will work and that the specter of Afghans fighting Afghans will be as short lived as possible.

Even in the most optimistic of scenarios, the level of human need generated by the war will be enormous. This committee has strongly supported the cross-border humanitarian program which we have run inside of Afghanistan for the last 3 years. We believe that a much larger multidonor humanitarian assistance program will be needed as the refugees begin to return to their devastated lands. This administration is taking a fresh, sympathetic look at the need for additional humanitarian assistance, and would welcome the committee's views.

As you know, we have sought to encourage the UN to take the lead in providing assistance to post-war Afghanistan. While some progress has been made, to date it does not seem to be moving fast enough nor have enough funds been committed to it to do the job that appears necessary. Should the fighting continue, the problem of providing humanitarian assistance will be even more difficult.

The Soviet Union bears a heavy responsibility for apparently trying to encourage the continuation of warfare. They rejected our concept of a moratorium on arms supplies when we proposed it in the context of the negotiations for the Geneva accords. They have recently provided massive resupply into Afghanistan during the weeks and months leading up to their withdrawal. As the President said last Thursday, we need to know the real facts on the stockpiling question before we can do anything more than appeal for a peaceful resolution.

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[3] Source: *Developments in Afghanistan and Their Implications for U.S. Policy: Hearings Before the Subcommittee on Asian and Pacific Affairs of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1990), pp. 4–5. Stephen J. Solarz, chairman of the subcommittee, presided over the session.

[4] See *supra*.

We have reached an important milestone for the courageous people of Afghanistan and for the free world. The American contribution to this achievement has rested firmly on a bipartisan consensus with the full support of the American people. We hope we can retain that consensus as we grapple with the less dramatic but equally important development of our future relations with Afghanistan and its neighbors and the complex demands of providing for hope for the future for a people in need.

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274. Continued Support for the *Mujahideen* in Their Fight For Self-determination

Statement by Secretary of State Baker, June 6, 1989 (Extract)[5]

. . . .

Q. President Bush talked today about some type of avenues for political settlements. Does the United States support these? Could you give us some details.

SECRETARY BAKER. Well, you know, our goals in Afghanistan are the same as the goals of the Government of Pakistan and have been for quite some time. We have sought the withdrawal of Soviet forces. That has now been accomplished, and we seek self-determination for the Afghan people. That self-determination can be accomplished in a number of different ways, but certainly a political settlement is one way that could be accomplished.

Q. Does this mean the United States still supports the Mujahideen?

SECRETARY BAKER. The United States and Pakistan will continue to support the *Majahideen* in their fight for self-determination.

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275. Matter of Transfer Not Sharing of Power

Statement by Secretary of State Baker, June 8, 1989 (Extract)[6]

. . . .

Q. Is the U.S. Government prepared to support negotiations between the Najibullah regime and the *Mujahidin* in Afghanistan?

A. We will continue our support for the right of the Afghan people to self-determination. We have said before we think it's a question of transfer of power in Kabul, not sharing of power. We don't think there can be self-determination for the Afghan people if Najibullah remains in power.

So our goals in that regard have not changed. Our policy has not changed, contrary to some suggestions I saw a day or so ago in the press. We have spent a fair amount of time yesterday in discussions of this matter with Prime Minister Bhutto when she was here, and we and our allies in Pakistan will be moving forward together in respect to this question of Afghanistan.

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[5] Source: Department of State files. Pakistani Prime Minister Benazir Bhutto made an official visit to the United States June 5–10 to meet with President Bush and other government officials. See Document 279. Baker attended the President's meeting with Bhutto at the White House and later hosted a luncheon for her at the Department of State. He made these remarks to reporters upon the departure of Bhutto from the Department of State at 2:45 p.m.

[6] Source: Department of State *Bulletin*, August 1989, p. 60. Secretary Baker made this statement in response to a question after his address to the National Press Club.

276. “Working Toward a Political Settlement While Continuing Our Support for the Resistance”

Statement by the Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs (Schaffer), June 14, 1989[7]

I am particularly pleased to be here to talk about recent developments in Afghanistan and their implications for U.S. policy, especially right after the extraordinarily encouraging visit of Prime Minister Bhutto of Pakistan.

As you know from her meetings with the Congress, Afghanistan was a major topic during the Bhutto visit. In key statements, both President Bush and Prime Minister Bhutto reaffirmed our support for the Afghan resistance and our policies in similar terms.

President Bush declared:

> The *Mujahedin* struggle for self-determination goes on, a goal that both the United States and Pakistan continue to support. Prime Minister Bhutto and I discussed ways to encourage a political solution in Afghanistan that will lead to a nonaligned, representative government, willing to live in peace with its neighbors, to replace the illegitimate regime in Kabul. The United States and Pakistan will continue to explore any serious avenue towards this end.[8]

And Prime Minister Bhutto stated:

> Pakistan remains committed to a political solution of the Afghan problem, whereby the brave people of Afghanistan will have the right to freely choose their own government without interference from outside. Pakistan's commitment to peace and democracy are fundamental.[9]

Mr. Chairman, U.S. goals on Afghanistan remain the same; our policy has not changed. As I mentioned, when I last discussed Afghanistan before this subcommittee on February 21,[10] a week after the Soviet withdrawal was completed, the questions remaining are the essential political ones: self-determination for the Afghan people, the return of the refugees in safety and dignity, and the restoration of Afghanistan's sovereignty and independence.

The United States continues to support the right of the Afghan people to self-determination. Indeed, this has been the central point of the resistance's jihad of the past decade.

The second important goal is to ensure that the Afghan refugees in Pakistan and elsewhere are able to return to their homes in safety and honor.

The key to enabling the refugees to return is a political settlement which ensures that there is a transfer of power away from the PDPA to an entity more representative of the aspirations of a wider segment of the Afghan people. It is clear from the past decade that there is no place for the PDPA. This is a lesson that the Soviets and their clients seem not to understand.

A political settlement implies the existence of an alternative to the Kabul regime. In this respect, we welcomed the creation of the Afghan Interim Government in late February as an important step. We have encouraged the leadership of the AIG to do everything possible to expand and broaden the base of the interim government.

We have urged the AIG to include additional elements, such as Shias, more commanders in the field and "good Muslims" in Kabul, and we strongly support the Shura decision to hold elections.

The AIG, although not perfect, is the most representative body in Afghan affairs, more representative than the Alliance, and incomparably more representative than the PDPA. We want to encourage its development as a representative body which would be a valid replacement for the unpopular and illegitimate regime in Kabul.

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[7] Source: *Developments in Afghanistan and Their Implications for U.S. Policy: Hearings Before the Subcommittee on Asian and Pacific Affairs of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1990), pp. 46–56. Stephen J. Solarz, chairman of the subcommittee, presided over the session.

[8] For text of the President's June 6 statement following his discussions with Prime Minister Bhutto, see Document 279.

[9] For text of Bhutto's remarks following discussions with President Bush June 6, see *Weekly Compilation of Presidential Documents*, June 12, 1989, pp. 853–854.

[10] Document 272.

The Afghan interim government has made a good start towards its goal of forming a government capable of taking over from the Kabul regime, although I must confess it still has a long way to go.

It has staffed 17 functional ministries, plus the Presidency, Prime Ministry, and Supreme Court; scored several diplomatic successes in gaining diplomatic recognition from four Islamic governments, and moreover, the OIC seat was awarded to the *Mujahedin*; it has absorbed various Alliance committees, such as health, education and agriculture; and it has continued negotiations with Iran-based *Shia Mujahedin* for their participation in the new government.

It has succeeded in involving otherwise unaligned and independent Afghans in the important tasks which will confront the nation as it seeks to reassert its independence. Nonparty independents are listed as office holders in several ministries.

It has set aside four ministries to be led by "good Muslims from Kabul." That is, Afghans who continue to live under regime control, perhaps working in mid-level technical and other positions in various government ministries in Kabul. This procedure would integrate those Afghans who did not become refugees or take active part in the resistance. This group would help provide continuity between the Kabul regime and its successor government.

The AIG is now coordinating the health projects inside Afghanistan sponsored by AID and other voluntary agencies.

Through the Ministry of Defense, it is now coordinating defense planning and military supply among the parties and the internal resistance commanders.

For our part, we support the efforts of the AIG, and are providing through it increasing amounts of assistance, as it can be effectively used.

Mr. Chairman, a political settlement that satisfies the objectives of self-determination, return of refugees and re-emergence of an independent Afghan nation remains our goal and that of the Afghan resistance. In fact, it is far more consistent with Afghan tradition than any concept of an overall military victory.

The resistance, however, is determined to approach the political process from a position of strength, and we are committed to assist them to this end. The Soviet offer of so-called "negative symmetry" is disingenuous in view of its history.

As you know, Mr. Chairman, the United States made a formal offer on "negative symmetry," that is, a mutual cessation of arms supplies to the Afghan parties, in the final days of the negotiations of the Geneva Accords in March 1988.

Citing longstanding treaty obligations with the Kabul regime, the Soviets declined the offer. We therefore reserved for ourselves the right to continue to resupply the Afghan resistance, and that policy, called "positive symmetry," remains in place.

Now, after pumping large quantities of sophisticated weapons into the country in an effort to prop up the Kabul regime, the Soviets beat the drum of a mutual arms cutoff. We will not cut off our aid to the *Mujahedin*, which could leave them in an unacceptable disadvantage vis-à-vis the Kabul regime.

Mr. Chairman, we are confident that our policy of working toward a political settlement while continuing our support for the resistance will be successful if we have the patience and steadfastness to stay the course.

Thank you.[11]

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[11] In his prepared statement, Schaffer announced that the White House had appointed Ambassador Peter Tomsen as Special Envoy to the Afghan Resistance. At the swearing-in ceremony of Tomsen, June 20, Deputy Secretary Eagleburger remarked that the Ambassador "is one of the few Foreign Service officers that we are assigning to a cause rather than to a country—the cause of the Afghan freedom fighters who have won international admiration for their struggle to free their land and their people from foreign occupation." (Department of State files)

277. U.S. Support for a Political Settlement

Press Conference by Secretary of State Baker, New York, September 29, 1989 (Extracts)[12]

. . . .

Q. Would you comment on the Afghan Foreign Minister's proposal that the United States send an envoy to Kabul and also the proposal he made for a settlement in Afghanistan?

A. For a settlement. I'm not sure that I am aware of the full details of what he said about a settlement in Afghanistan. Let me simply say that the United States would like to see a political settlement in Afghanistan. The one bar to that right now is the issue of transfer—not sharing but transfer—of power from the Najibullah to a government that is acceptable to all Afghan parties.

That is the one thing, in our view, that stands between us and a political settlement in Afghanistan. The United States, when it evacuated its Embassy in Kabul for security reasons,[13] made it very clear that that was not a permanent evacuation, and we will return when we think that the situation warrants it.

. . . .

Q. The Swedish Foreign Minister said that continued U.S. aid to the *Mujahidin* is [inaudible].[14] What is your comment on that, and what should the United States do now, and what will it do now to get a political settlement in Afghanistan? I mean, it has been a stalemate for months now.

A. Let me comment on humanitarian assistance which the United States is sending to the *Mujahidin*. We don't think that's a bar to a settlement in Afghanistan.

Insofar as what we're willing to do toward arriving at a settlement, we are willing to exercise our diplomacy, as we do every time we get together with the Soviets and others, as we have done on a number of occasions just today. We had a full discussion of that as well at the Secretary General's lunch for the permanent five.

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278. Meeting With President Mojaddedi of the Interim Afghan Government

Statement by the President's Press Secretary (Fitzwater), November 27, 1989[15]

President Bush met this afternoon at 1:15 p.m. with the President of the Afghan interim government, Professor Sigbhatullah Mojaddedi. President Bush and President Mojaddedi discussed the situation inside Afghanistan as well as the plight of the refugees. President Bush reaffirmed our support for the Afghan resistance's efforts to achieve self-determination and also expressed U.S. interest in a political settlement. The President called upon the Afghan interim government to continue and increase its efforts to fashion a stable, broadly based government responsive to the needs of the Afghan people.

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[12] Source: Department of State *Bulletin*, November 1989, p. 38. Secretary Baker was in New York September 25–29 for the meeting of the U.N. General Assembly.

[13] On January 27, Department of State Spokesman Redman announced the Secretary's decision to withdraw the remaining personnel from the Embassy in Kabul. (Department of State Daily Press Briefing, January 27, 1989)

[14] Brackets in the source text.

[15] Source: *Weekly Compilation of Presidential Documents*, December 4, 1989, pp. 1834–1835.

C. Pakistan

279. Shared Goals: Representative Government in Afghanistan and Stability in South Asia

Statements by President Bush and Prime Minister Bhutto, June 6, 1989[1]

The President. Well, it was a special pleasure for Barbara and me to welcome Prime Minister Bhutto to the White House this morning. In fact, our relationship goes back to 1971, when she attended Harvard and came with her dad to the United Nations. And I have often remarked that her father's 1971 appeal was literally one of the most moving speeches that I ever heard at the United Nations. And more recently, we met in Tokyo last February, where I believe that we were the most newly elected heads of government.

Pakistan and the United States have enjoyed a long history of good relations, friends since the time that Pakistan became an independent nation. And I welcome this opportunity to reaffirm those ties and to reassure the Prime Minister of our continued commitment to assist in Pakistan's security and its economic and cultural development.

The Prime Minister knows our country well, and she has many friends here. And on behalf of the American people, I congratulated her on Pakistan's historic return to democracy last year, a development of which the people of Pakistan can be truly proud. We discussed how important it is for all elements of Pakistan society to ensure that democracy isn't just an abstract concept, but that it works.

And the Prime Minister and I reviewed the situation in Afghanistan. For the last decade, the U.S. and Pakistan cooperated in supporting the Afghan resistance in its fight against foreign occupation. And Pakistan deserves great credit and admiration for its extraordinary, extrordinary humanitarian efforts in support of the millions of Afghan refugees during this period. The effectiveness of our mutual policy was proven last February, when the last Soviet troops withdrew from Afghanistan. And we agreed, however, that the job is not done. The *Mujahidin* continues, and their struggle for self-determination goes on, a goal that both the United States and Pakistan continue to support. Prime Minister Bhutto and I discussed ways to encourage a political solution in Afghanistan that will lead to a nonaligned, representative government, willing to live in peace with its neighbors, to replace the illegitimate regime in Kabul. The United States and Pakistan will continue to explore any serious avenue towards this end.

The Prime Minister and I also reviewed our efforts to enhance stability in South Asia, an important objective of both governments. And I expressed our strong support for Pakistan's efforts, and India's as well, to improve relations, and stressed the critical importance of avoiding a regional nuclear arms race in the subcontinent. And she assured me that Pakistan's nuclear program is committed to peaceful purposes. I underlined my administration's commitment to discourage proliferation of nuclear and chemical weapons, ballistic missiles, in the South Asia region and around the world.

We also shared our concern about the scourge of drug production and trafficking. Not much detail yet on that, but we're going to go into that one in much more detail later on. It's a matter of grave concern to the United States. I applauded her tough stance on eradicating the opium cultivation and expressed our appreciation for the extradition of alleged drug trafficker Saleem. To effectively combat this menace, we've got to undertake a vigorous enforcement campaign, offering U.S. assistance wherever possible.

And let me say that, as far as I'm concerned, these discussions have been productive. And let me note, too, that that ceremony outside today, the first since I've been President, was a wonderful way to welcome the Prime Minister. And we just walked by the Rose Garden, which also is a lovely setting, and as the Prime Minister has observed, roses have a very special meaning in her life. And when she was younger, her father would bring back roses every time he traveled abroad, and in time, her family's gardens became filled with varieties of color. And during her own detention, she struggled bravely to keep the gardens alive, for as she has written, "I could not bear to watch the flowers wither, especially my father's roses," And so, Madam Prime Minister, you've described your time among the roses and the cool shade of the gardens as "the happiest hours of my life." And now, as a gesture of friendship between our people and to continue your father's tradition, it is my privilege to present you with this American rosebush. May it and you prosper in the years to come. And welcome again.

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[1] Source: *Weekly Compilation of Presidential Documents*, June 12, 1989, pp. 852–854. The President spoke at 11:33 a.m. in the East Room of the White House, and Prime Minister Benazir Bhutto spoke after him. Bhutto made an official visit June 5–10 to meet with President Bush and other government officials. She also addressed a joint session of Congress June 7.

THE PRIME MINISTER. I'm very grateful to President Bush for the kind invitation to pay an official visit to the United States, and I'd like to thank the President for his consideration in giving me one of the rosebushes from the White House. It shall always remind me of this very useful, productive, and helpful visit—supportive visit—of mine to the United States.

My presence here underlies the great importance that Pakistan attaches to our relations with your country. This is not only because geopolitical realities require a close relationship but, more importantly, because of the ideals and the objectives that we share. As you know, this is not my first visit to Washington or, indeed, to the United States. I have pleasant memories of my student days at Radcliffe, past visits to Washington, one of the great citadels of democracy. But it is a special privilege and honor to be here as the democratically elected leader of a country which has traditionally enjoyed close, friendly ties with your country.

Over the last 10 years, Pakistan has been in the forefront of two great struggles. We have actively supported the cause of the Afghan people and their brave fight against foreign military intervention, and at the same time, at home in Pakistan, we've struggled against military dictatorship to establish a system based upon democratic values and the respect for human rights. In both these epic struggles, we received from the United States unwavering support, and material as well as moral encouragement. It has, therefore, been a special pleasure and privilege to come to Washington and to thank President Bush and the Government and the people of the United States for their friendship and their generosity.

The President and I have had wide-ranging discussions on a number of issues, and I am convinced that this exchange will be of immense benefit to the bilateral relations that exist between us and also to the cause of world peace. President Bush has just returned to Washington from a spectacularly successful visit to Europe, and where he has launched a series of initiatives which could open an entirely new era in international relations, with the exciting prospect of a genuine and durable peace. Pakistan, which is situated in one of the more sensitive geopolitical regions of the world, will contribute towards these objectives and efforts.

While the withdrawal of Soviet forces has brought a welcome change in Afghanistan, the continued fighting and prolonged presence of over 3½ million Afghan refugees pose serious threats to the peace and stability of the region. The President and I have reviewed the situation in the light of the prevailing circumstances, and we are in complete accord, both in terms of our analyses as well as the future policies that need to be evolved. Pakistan remains committed to a political solution of the Afghan problem, whereby the brave people of Afghanistan will have the right to freely choose their own government without interference from outside. Pakistan's commitment to peace and democracy are fundamental.

In thanking President Bush for the valuable support that the United States has rendered to us in the pursuit of these objectives, I have assured him of our continuing efforts towards maintaining peace in the South Asian region and of our determination to strengthen the process of nuclear nonproliferation by seeking accords, both bilateral and international, within the regional context.

The President and I discussed measures to increase our cooperation in the fight against drugs. We have already achieved some success in this direction in Pakistan, but much remains to be done.

In conclusion, I would once more wish to thank President Bush for the generous hospitality, for the warmth and the friendship with which we have been received. I go home greatly encouraged by our constructive and fruitful discussions. I look forward to the opportunity of reciprocating in Pakistan some of the warmth, kindness, and hospitality that my husband

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and I have been privileged to receive from the President and Mrs. Bush in Washington. Thank you very much.

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280. Proposed Sale of F-16's to Pakistan

Prepared Statement by the Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs (Schaffer), August 2, 1989[2]

I am pleased to have this opportunity to discuss with you the administration's plans to sell 60 F-16 A/B fighter aircraft to Pakistan. This is a particularly memorable event for me. Being my first opportunity to meet with you since my appointment as Deputy Assistant Secretary. Assistant Secretary Kelly regrets that he is unable to testify himself. He has spent the past 2 days in Stockholm in bilateral discussions on Afghanistan with Soviet experts, and is unfortunately still on the road.

It has been almost 5 months since representatives of the State and Defense Departments testified before the Asia and Pacific Affairs Subcommittee on the administration's foreign assistance requests for Pakistan and India, including the possibility of selling additional F-16s to Pakistan. At that time we indicated that we had not reached a firm decision on how to respond to the Pakistan Government's request for additional F-16s, and intended to consider carefully the whole range of relevant factors. The most important of these factors were the impact of selling or not selling, on Pakistan's security and development, on Pakistan's improving relations with India on the risks of conventional and nuclear arms proliferation in the region, on the new democratic government in Pakistan, and on U.S. relations with Pakistan.

Pakistan is surrounded by nations with large military forces: Iran, Afghanistan, the Soviet Union, China, and India. The ongoing conflict in Afghanistan, the massive influx of modern weapons into Afghanistan from the Soviet Union, and repeated attacks on Pakistani soil by the Kabul regime continue to pose a very real threat to Pakistan's security. The current U.S. security assistance program to Pakistan aims to help it maintain a credible deterrent to possible aggressors by sea, land, and air, but these funds are limited. The current Pakistan Government, like its predecessor, has made the modernization of its fighter force a top defense priority and is prepared to do this out of its own funds.

After her accession to the Prime Ministership in early December 1988. Benazir Bhutto called for a thorough review of Pakistan's military procurement plans. At the end of January, she informed our Ambassador in Islamabad that she had decided that Pakistan needs more F-16s. We have since discussed this decision in detail with a number of Pakistan authorities. They explain that important elements of Pakistan's Air Force, such as the Chinese variants of the MiG-19 obtained in the 1960s, are old and increasingly outmoded. Many of its fighter aircraft will be retired in the next few years. Unless these aircraft are replaced with modern versions, the present military equation in South Asia will shift increasingly to Pakistan's disadvantage, with potentially destabilizing consequences. The Pakistan Government has examined various replacement possibilities, including high-technology models from other Western countries, and has decided that the U.S.-built F-16 A/B, which is present already in its air force, makes the best sense in terms both of performance and economics.

The Bhutto government, although deciding to pursue the F-16 purchase, has taken steps to increase the developmental thrust of overall government expenditures. The great bulk of the $1.5 billion cost of the F-16 package will be covered by funds already earmarked for an aircraft that Pakistan had intended to coproduce some years ago. In the new government's budget for 1989-1990, Defense is allotted a small nominal increase, which represents a substantial decrease in real terms. In contrast, spending on education is up 68 percent, health 26 percent, and housing 24 percent. A peoples' development structure has been erected and allocated $143 million the first year to ensure that development monies are spread widely at the grass roots.

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[2] Source: *The Proposed Sale of F-16's to Pakistan: Hearing Before the Subcommittee on Arms Control, International Security and Science, and On Asian and Pacific Affairs of the Committee on Foreign Affairs, House of Representatives* (Washington, 1989), pp. 16-22.

The Government of India has expressed its concern about our reported intention to sell more F-16's to Pakistan. We have considered India's views very carefully, but feel that a sale of 60 F-16 A/B's will not contribute to an escalation of military technology on the subcontinent nor destabilize the region. On the contrary, we believe that a more confident Pakistan will be better able to negotiate the kind of fair and lasting agreements with India which will reduce the chances of war between them.

We believe also that our own good relations with India are sustained by a growing range of mutual interests. Growing ties in trade and high technology occupy an increasingly important place in our bilateral dialog. We do not consider our relations with India and Pakistan to be a zero-sum game. I believe that the GOI understands this position and would agree that Indo-U.S. relations should not be defined predominantly in terms of our relations with Pakistan, the Soviet Union, or any other country. I would note that India and Pakistan have continued their efforts to improve relations since the administration formally notified Congress of this sale.

We have heard concerns expressed that the sale of F-16s to Pakistan could increase the dangers of nuclear proliferation on the subcontinent. We believe the opposite is true. None of the F-16s Pakistan already owns or is about to purchase is configured for nuclear delivery. Pakistan, moreover, will be obligated contractually not to modify its new acquisitions without the approval of the United States. More importantly, a Pakistan with a credible conventional deterrent will be less motivated to pursue a nuclear weapons capability.

The resurrection of democracy in Pakistan after more than a decade of military rule is, we believe, one of the most important events in modern Pakistani and South Asian history. The United States should do all it can to support and strengthen these democratic institutions and their civilian leadership. Our willingness to cooperate with the new government's efforts to modernize its fighter force will contribute to Pakistan's sense of security and assure the Pakistani public that the country's defense needs can be met effectively by a civilian democratic government.

In May the State Department consulted informally with a number of members and staff in both the House and Senate. Our conclusion from those consultations was that there is broad-based support in Congress for the sale of this major weapons system as one indication of U.S. support for the new democratic Government of Pakistan. In early June Prime Minister Bhutto visited Washington. In her address before a joint meeting of Congress and in discussions with high-level administration officals she spoke of a new partnership with the United States based on shared democratic and developmental values and on a growing range of common interests. She reasserted Pakistan's commitment to working with the United States in supporting the Afghan resistance, assisting the millions of Afghan refugees, suppressing the illicit drug trade, and preventing nuclear proliferation. She stated that U.S. military assistance to Pakistan has contributed to peace and stability in South Asia and reaffirmed the importance she attaches to the purchase of more F-16s.

On June 8, informal notification of the proposed F-16 sale was sent to the Congress. This was followed on July 11 with formal notification. On July 27-28 the U.S.-Pakistan Consultative Group met in Washington to review our security assistance relationship, as we do at regular intervals. During these discussions, the two sets of experts discussed the specifics of Pakistan Government funding and various delivery schedules for the aircraft in the 1990s. Although our FMS administrative organization will administer the proposed sale, we were assured that the Government of Pakistan has budgeted to meet the full cost of the aircraft from its own resources.

In sum, the evidence the State Department has examined since we testified before you in March persuades us that it is strongly in the interests of the United States that we sell more F-16s to Pakistan. Not to sell the needed aircraft would not only jeopardize the close cooperation we have developed with Pakistan over the past decade, but would show an unfortunate lack of support for Pakistan's fledgling democracy.

I would be happy to answer your questions. Thank you.

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281. Parliamentary Challenge to Bhutto

Statement Issued by the Department of State, November 2, 1989[3]

Q. What is the Department's reaction to word from Pakistan that Prime Minister Bhutto has defeated the vote of no confidence against her government?

A. We congratulate Pakistan for having weathered this parliamentary challenge—the first vote of no confidence in the nation's history—by peaceful, constitutional procedures. We note with satisfaction also the statement by the leader of the parliamentary opposition in which he accepted the will of the majority. These events bode very well for the long-term stability and vitality of democracy in Pakistan.

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[3] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to a question asked at the Department of State Daily Press Briefing earlier that day.

Chapter 13. East Asia and the Pacific

A. Regional and General Policies

1. General Statements of Policy

282. A New Pacific Partnership

Address by Secretary of State Baker Before the Asia Society, New York, June 26, 1989[1]

Thank you for that introduction, and I am honored to be here. I am especially happy to appear before the Asia Society in the company of Japan's Foreign Minister, Hiroshi Mitsuzuka. As the representative of a great democracy, the Foreign Minister understands, as we all do, that a free government depends upon well-informed citizens who are active in public affairs. The Asia Society can, therefore, reflect with pride upon its contribution to America's understanding of East Asia and the Pacific rim. Each one of you, by participating in the Society, makes a unique contribution to our national interests.

Our understanding of events in Asia and the Pacific has become all the more important because the postwar era is over. In Asia, as in Europe, a new order is taking shape. While the rites of passage will be painful—China proves that—it is an order full of promise and hope. I believe strongly that the United States, with its regional friends, must play a crucial role in designing its architecture.

There are major challenges to be met as the new order emerges. In Asia and the Pacific, as elsewhere in the world, the demand for democracy is the most vital political fact of our time. The Philippines and South Korea have made the transition to free government. But, as we have seen to our sorrow last year in Burma, and more recently in China, there are no guarantees of progress.

Another challenge stems from the very fact of the Pacific rim's economic success. Economic achievements carry new responsibilities. Explosive growth has been accompanied by imbalances that threaten the integrity of the open trading system.

Finally, we continue to face security challenges. Conflict continues in Indochina. And on the Korean Peninsula, there remains a heavily armed stand-off. Elsewhere in Asia, the postwar security arrangements are being strained by economic constraints, changing threats, and rising nationalism. Yet without a regional consensus on defense, all other achievements will be put in doubt.

The Pacific region is clearly of great and growing importance to the United States. That is why President Bush and Vice President Quayle visited Asia within the first 100 days of the new administration.[2] In a few days, I will be traveling to Tokyo to meet with other donors to the Philippines Multilateral Assistance Initiative.[3] Then, I'll go on to Brunei to meet my colleagues in ASEAN, one of the Pacific's most constructive regional organizations.

The purpose of my trip is to establish the framework for a new Pacific partnership. To build that new partnership, we need continued American engagement in the region's politics, commerce, and security. We need a more creative sharing of global responsibilities with Japan. And we also need a new mechanism to increase economic cooperation throughout the Pacific rim.

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[1] Source: Department of State *Bulletin*, August 1989, pp. 64–66.

[2] President Bush visited Japan February 23–25 to attend the funeral of Emperor Hirohito. He visited China February 25–27 and Korea February 27. Vice President Quayle visited Australia April 26–30, Jakarta April 30–May 1, Singapore May 2, and Bangkok May 3.

[3] Secretary Baker visited Japan July 4–5 and Brunei July 5–7 to participate in the ministerial meeting of the Association of South East Asian Nations. See Documents 361 and 288, respectively.

The foundation of the new Pacific partnership must be the engagement of the United States. President Bush has declared rightfully that America is a European power and will remain one.[4] America is also a Pacific power, and we will remain one.

The stakes are great. In 1988, for example, our transpacific trade totaled $271 billion, far exceeding our transatlantic commerce of $186 billion. U.S. trade with East Asia has more than doubled since 1982.

Eight of our top 20 export markets are now in the Pacific. U.S. investment there, exceeding $33 billion, accounts for 23% of all overseas profits earned by U.S. corporations.

The prosperity of the Pacific, however, depends upon the peace of the Pacific. For four decades, the United States has provided a framework of security that has permitted the region to prosper. America's forward-deployed deterrent remains more essential than ever to the security of the Pacific. And, as we demonstrated through the treaty abolishing intermediate-range nuclear forces, we will not seek to improve the security of another region at Asia's expense.

Today, our allies are stronger and more prosperous than ever. And there may be new opportunities to reduce both political tensions and threatening military capabilities.

Surely we will be able to find creative, new ways to assure our mutual defense. Just as surely, we must avoid false complacency. We have fought three major wars in East Asia in the past 45 years. Neither we nor our allies want to fight another.

I think that the facts are clear and the conclusions inescapable. America's unique political, economic, and military capabilities provide the foundation for a prosperous and secure Pacific. And that foundation can be strengthened further through improved regional partnerships that reflect the achievements of our friends and allies.

Among those relationships in the Pacific, none is more important to the region or the world than our alliance with Japan.

Over the past decade, that alliance has experienced a fundamental change. Japan has become a world power. We applaud this achievement which holds so much promise for the future. But to make the most of that promise, the United States and Japan must build a new and truly global partnership. The foundations for that global partnership are now being laid.

—Japan is shouldering more of the mutual defense burden and provides 40% of the cost of stationing U.S. forces in-country.

—The recently concluded FSX fighter codevelopment project is an important advance as we strengthen our cooperation in defense and technology.

—Japan will soon be the largest donor of overseas development assistance. Its role in the Philippines' assistance initiative offers a prime example of the good Japan can do in bolstering emerging democracies and sharing responsibilities.

—Finally, Japan has offered to help in alleviating the international debt problem.

There are, of course, other issues that will find their way onto the agenda of a global partnership, including environmental protection and international peacekeeping. But the message is clear. The time has arrived for Japan to translate its domestic and regional successes more fully into a broader international role with increased responsibility. And I am glad to say here today to my Japanese colleague, Foreign Minister Mitsuzuka, that I look forward to a new closeness of coordination with Japan.

This expanding relationship will require a transformation of outlook and policy in both our countries. That is already evident in the area of trade, where our bilateral relationship continues to be troubled. Prime Minister Uno himself put it best when, in his first major speech to the *Diet*, he urged Japan to "embark upon rectifying those institutions and practices that are objectively viewed as unfair." Though we have seen some progress in the trade area, the full opening of Japanese markets must still be achieved. And at the same time, we look forward to the full implementation of the structural reforms advocated by the Maekawa report.

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[4] See Document 123.

We and Japan must recognize how interconnected we really are. That is why we are looking to begin a structural economic initiative. Its purpose is to identify, on both sides, impediments to the reduction of economic imbalances—and to develop action plans to remove them.

Change will be required of the United States, not just of the Japanese. That is why President Bush is determined to put our American house in better order—to improve our education, to sharpen our competitiveness, to reduce the trade and budget deficits that weigh so heavily on our economy. And we will continue to oppose the protectionist pressures that menace the world trading systems. The challenge of structural change is not Japan's alone.

Let me turn now to the next part of the framework—a new mechanism to increase economic cooperation throughout the Pacific. Last year intra-Asian trade approached $200 billion, reflecting the rapid pace of Pacific rim economic integration. Yet unlike Europe, there are inadequate regional mechanisms to deal with the effects of interdependence. Many distinguished statesmen and influential organizations have suggested ways to fill the gap—among them Australian Prime Minister Hawke and MITI during the time Hiroshi Mitsuzuka headed it. All their suggestions share the objective of improving economic cooperation and offering a regional forum to discuss a range of common problems.

Clearly, the need for a new mechanism for multilateral cooperation among the nations of the Pacific rim is an idea whose time has come. Our involvement in the creation of this new institution will signal our full and ongoing engagement in the region. And by furthering the development and integration of market economies within the international system, we strengthen the collective force of those that share our principles.

I want to explore the possibilities for such a mechanism in detail during my trip. The United States will not offer a definitive blueprint. We will be looking, instead, for a consensus, drawing on the best elements from various plans. This new mechanism should be based on the following key principles.

First, any mechanism should encompass a wide array of issues, extending from trade and economic affairs to issues such as cultural exchange and the protection of the Pacific region's natural resources. As such, it would embody what the President has called "creative responsibility-sharing," meaning that each government should act commensurate with its resources and capabilities. All our economies have benefited from the world trading system and all should act commensurate with their resources and capabilities to help strengthen it.

Second, any Pacific-wide institution must be an inclusive entity that expands trade and investment. It must help, not hinder, already existing efforts, such as the Uruguay Round of GATT,[5] the OECD, or a regional group, such as ASEAN. It should be based on a commitment by market economies to facilitate the free flow of goods, services, capital, technology, and ideas.

Third, a pan-Pacific entity should recognize the diversity of social and economic systems and differing levels of development in the region. At the same time, we should recognize that private initiative and free-market policies offer the best route for individual opportunity and higher living standards.

Today, Minister Mitsuzuka and I talked about the possibility of such a new entity. And I will be discussing how we can create this new mechanism when I see Prime Minister Hawke this week[6] and our ASEAN friends next week.[7] If a consensus can be reached, we would support the Prime Minister's call for a ministerial meeting this fall as a first step toward developing such a new Pacific institution.

Full American engagement, a global partnership with Japan, and a new political mechanism for Pacific economic cooperation are critical pieces in the puzzle of

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[5] Reference is to the ongoing multilateral trade negotiations begun at the ministerial meeting of GATT Contracting Parties at Punta del Este, Uruguay, September 15–20, 1986.

[6] See Document 289.

[7] See Document 288.

Asia's future. But that future will be incomplete without China. And today, more than ever, China casts a long shadow over the Pacific.

China had made great economic strides. Per capita income doubled in a decade. An open window to Western trade, technology, and investment was an essential part of reform. To sum it up, if I can, China had decided to join in regional progress rather than remain isolated from it.

History shows, however, that economic and political reforms are but two sides of the same coin. Now it has become all too evident that the pace of political change in China did not match the aspirations of the Chinese people.

The President has condemned in the strongest terms the brutal events of this past month. We and other nations have suspended business as usual. But we and the rest of the world must not let our revulsion at this repression blind us to the pressures for reform.

China has suffered a tragic set-back, but the story is not over. As the President said, "the process of democratization in Communist countries will not be a smooth one, and we must react to setbacks in a way that stimulates rather than stifles progress."[8]

That is why we have acted in a measured way. The hasty dismantling of a constructive U.S.-Chinese relationship, built up so carefully over two decades, would serve neither our interests nor those of the Chinese people. Above all, it would not help those aspirations for democracy that were so obvious in the millions who marched to support the students in Tiananmen Square.

Having said that, let me be clear: The U.S. Government and its people will stand for the democratic values we hold dear. China's current leadership may have cleared the square; they cannot clear the conscience. China's rendezvous with freedom, like its rendezvous with the advancing nations of the Pacific, cannot be long delayed. We will be there to help when the day follows the night.

Finally, we and the entire region must deal with the remaining major conflicts that threaten peace: the Korean Peninsula and Indochina.

I must note with regret that the North Korean regime has yet to abandon its self-imposed isolation or its pressure tactics intended to destabilize the Republic of Korea. We will continue to probe for hints of progress in reducing tensions between North and South, looking for signs of a willingness to engage in greater *glasnost* and military transparency. Our policy is to facilitate reconciliation through dialog with all concerned parties, above all through direct talks between South and North. We will maintain fully our security commitment to Korea to facilitate such progress and prevent armed conflict.

In Cambodia the shooting continues and the danger of renewed civil war is real. Hanoi's announced intention to withdraw its troops by the end of September has accelerated efforts toward a negotiated settlement. Our principal objectives are to bring about a verified Vietnamese withdrawal, to prevent a return to power of the Khmer Rouge, and to provide the Cambodian people a genuine opportunity for self-determination. We believe a comprehensive agreement, backed by a credible international presence under UN auspices, is the best way to achieve these goals.

We believe that Prince Sihanouk's leadership is essential to the process of creating an independent Cambodia at peace with itself. That is why we have asked Congress to authorize additional aid to the non-Communist resistance. Such aid will strengthen the Prince's position in the political process now underway and increase the prospects for a settlement which can ensure that the Khmer Rouge never again take power.

As we examine the possibilities of resolving the remaining Pacific conflicts, I want to note here some new developments in Soviet policy. For much of the postwar era, Soviet actions in Asia could only be described as ominous. Moscow has deployed a formidable military presence able to project naval and air power well into the Pacific.

Three years ago, at Vladivostok, General Secretary Gorbachev announced a new approach to Soviet interests in Asia. After easing Sino-Soviet border tensions, withdrawing Soviet troops from Afghanistan, and influencing Vietnamese restraint, Mr. Gorbachev was able recently to visit Beijing. President Bush welcomed this development. It confirms that a constructive Soviet approach is possible if Moscow changes its policy of military intimidation and support for aggression.

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[8] See Document 312.

Now, it is time for new Soviet deeds to match new Soviet thinking. Let Moscow end its occupation of Japan's Northern Territories. Let Vladivostok become an open port, as Mr. Gorbachev proposed 3 years ago. Let special economic zones bloom in the Soviet Far East, as Mr. Gorbachev suggested 1 year ago. Let the Soviet Union cooperate in resolving the tensions and hostilities in Korea and Cambodia.

A political philosopher once wrote that "there is nothing more difficult to take in hand, more perilous to conduct, more uncertain in its success, than to take the lead in the introduction of a new order of things." Yet today in the Pacific and East Asia, as in Europe, we face the inescapable challenge of building a new order.

There are perils. There will be difficulties. Yet I believe that despite these uncertainties, the rewards of a free, prosperous, and secure Pacific are within our reach.

That calls for a new Pacific partnership, based on a global sharing of responsibilities with Japan. We also need a new political mechanism to enhance economic cooperation in the Pacific rim. And we need to address the points of conflict that still threaten the peace of the Pacific.

Let me close on this note. I believe that, ultimately, what beckons us to our Pacific destiny goes beyond the reckoning of material interests. It is the idea of a creative harmony, the product of many different nations, each with its own approach but drawn together around certain principles. It is the faith that we can create a Pacific community reaching out to the rest of the world. It is, in short, the belief that free peoples, working together, can emancipate our region at last from historic burdens of poverty and conflict. That is our vision, to which we this day dedicate our new Pacific partnership.

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2. Economic Cooperation

283. U.S. Support for Pacific Economic Cooperation

Statement by the Assistant Secretary of State for East Asian and Pacific Affairs (Solomon), September 21, 1989 (Extracts)[1]

I welcome this opportunity to review with the committee the administration's approach to enhancing economic cooperation in the Pacific region. This is a topic—as Secretary Baker suggested in a major policy address last June[2]—whose time seems to have come. The Secretary has called for a new Pacific partnership, of which Pacific rim cooperation is an important element. A variety of proposals have been put forward in recent months, among them one by the distinguished chairman of the Asia subcommittee,[3] who, as a Californian, has a keen awareness of the economic dynamism of the Pacific rim. We have been working with the Secretary to meld the best elements of these proposals into our strategy for advancing economic cooperation in order to help realize his call for a new Pacific partnership.

. . . .

Over the past year, the idea of a mechanism to enhance economic cooperation in the Asia–Pacific region has gathered an unprecedented head of steam. Why so? It appears that the crescendo of trade disputes, a maturing of the newly industrializing economies beyond the current framework of trade and investment mechanisms, and perhaps the anticipation of European economic integration in 1992 have catalyzed a collective recognition that the time is ripe for some new form of consultative cooperation in the Pacific.

In July 1988, Secretary Shultz suggested the creation of a " . . . Pacific Basin forum where like-minded countries could compare experiences, discuss ideas, and prepare analyses on subjects that are of interest to most countries in the region."[4] He proposed an initial focus on regional infrastructure development in such areas as transport, telecommunications, education, natural resources, and the environment. At the same time, Secretary Baker—while at the Treasury—was quietly testing the waters of increased cooperation among the major Pacific economic players.

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[1] Source: Department of State *Bulletin*, December 1989, pp. 34–36. Assistant Secretary Solomon spoke before the Senate Foreign Relations Committee.

[2] *Supra.*

[3] Senator Alan Cranston.

These trial balloons appear to have stimulated thinking on the issue both at home and abroad. Last December, Senator Bradley called for a coalition of eight Pacific rim economies to reinforce the Uruguay Round of GATT, enhance policy coordination, and remove obstacles to LDC growth.

In April of this year, Senator Cranston introduced a resolution calling on President Bush to initiate a Pacific Basin forum which would hold annual summit meetings to discuss "economic, security, and diplomatic issues unique to the region." The Senator called for obtaining "the broadest possible composition" of such a forum.[5]

Internationally, this past February, Australia's Prime Minister Hawke launched an initiative for what was first called a "Pacific OECD" to support multilateral trade liberalization, encourage policy coordination, and remove trade barriers in the region. He suggested creating a small secretariat to backstop a series of high-level meetings. Several weeks later, Japan's MITI offered a similar though more trade-oriented proposal.

The Bush administration has carefully reviewed a plethora of proposals put forward in recent months—among them Senator Cranston's call for a Pacific Basin forum. We view the creation of a new mechanism of economic cooperation as an important component of our vision of a new Pacific partnership. We have sought to integrate elements from the various proposals in formulating the objectives of such a mechanism.

Secretary Baker reviewed our thinking with Prime Minister Hawke when he visited Washington in June.[6] The issue was a major topic of discussion at the ASEAN postministerial meeting in Brunei this past July. And just last week, a senior officials' meeting was held in Australia in order to develop an agenda for a ministerial-level meeting which Prime Minister Hawke will host in November.

As these efforts have proceeded, our approach has been guided by the following perspectives.

—We have sought to avoid imposing a "made in America" blueprint for a transpacific grouping. Given the history of unsuccessful efforts in this direction, and the sensitivities involved, progress requires careful, incremental consensus-building if an economic cooperation mechanism is to be created.

—In our view, a mechanism of cooperation will be most useful if it encompasses a wide array of issues—not just trade and investment matters but those related to transport and communications, resource management, and the environment—issues aimed at effective management of growing regional interdependence.

—The structure and agenda of a Pacific cooperation entity should take into account the diversity of the region's social and economic systems and the markedly different levels of national development.

—Membership must begin with those economies committed to enhancing private initiative and free-market policies—to facilitating the free flow of goods, services, capital, technology, and ideas. But we want participation to be inclusive, with the door open to eventual participation by those countries which are still early in the process of economic reform.

—It is imperative that any mechanism that evolves from current consultations complement existing institutions and processes such as the Uruguay Round of the GATT, the OECD, and ASEAN. It must help, not hinder, efforts to keep the global trading system as open as possible. We seek to create neither a regional superbloc nor a new international bureaucracy.

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[4] Ellipsis in the source text. For text of former Secretary of State Shultz's address before the Association of Indonesian Economists in Jakarta, July 11, 1988, see Department of State *Bulletin*, October 1988, pp. 24–28.

[5] For text of S. Con. Res. 27, introduced on April 13, see *Congressional Record*, April 13, 1989, p. S3944.

[6] See Document 289.

—Finally, any new arrangement in the Pacific should be flexible. It must be adaptable in a way that reflects the changing needs of regional economic activity and the contributions that private sector institutions as well as governments can bring to enhanced cooperation.

While seeing great promise in this effort, we also are clear-eyed about the difficulties inherent in forging a new institution. Building a consensus requires, among other things, assuring the ASEAN countries that a new mechanism will not weaken their collective efforts or dilute their identity as a regional association.

Another sensitive issue is membership. Should nonmarket economies participate? Should countries outside the region be included?

Despite the many complications and obstacles, Secretary Baker is convinced that there is much to be gained by starting the process of building a framework to help manage the increasingly interdependent economies of the Asia–Pacific region. The dialog in which we are now engaged has the potential to strengthen the consensus for an open trading and investment system essential for sustaining global economic growth into the 21st century.

Our experience to date is that consensus-building is a delicate and measured process. Last week at the senior officials' meeting, we witnessed significant progress in building the support needed to launch this new initiative. A strong spirit of cooperation was evident throughout the 2-day meeting, which developed the agenda for the November ministerial.

At present our achievements in this new undertaking must be measured by success in sustaining the momentum of consultations. This enterprise will take time. It will require consistent effort and patience. Momentum is likely to be increased at the Canberra ministerial in early November—which Secretary Baker plans to attend. The already agreed upon agenda lays the basis for wide-ranging discussion, encompassing issues from the multilateral trade system to the region's infrastructure. And we now anticipate follow-on meetings in an East Asian capital within the next year.

Thus, in conclusion, there should be no doubt that the Bush administration is committed to a long-term effort at enhancing Pacific economic cooperation, for America's future lies in the Pacific. Let me add that the administration appreciates the strong bipartisan interest which you and other members of Congress have shown in this effort. We look forward to working closely with you in what we believe is an important and promising initiative in the world's most dynamic region of economic growth.

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284. Asia Pacific Economic Cooperation Meeting

Joint Statement Issued by the Asia Pacific Economic Cooperation Meeting Participants, Canberra, November 7, 1989[7]

Ministers from Australia, Brunei, Darussalam, Canada, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and the United States gathered in Canberra, Australia, on 6–7 November 1989 to discuss how to advance the process to Asia Pacific Economic Cooperation. A full list of Ministers and Observers attending the Meeting is attached.

Discussions covered a variety of topics under four agenda items:

—World and regional economic developments;

—Global trade liberalization—the role of the Asia Pacific region;

—Opportunity for regional cooperation in specific areas; and

—Future steps for Asia Pacific economic cooperation.

At the conclusion of this first meeting, Ministers expressed satisfaction with the discussions, which demonstrated the value of closer regional consultation and economic cooperation on matters of mutual interest.

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[7] Source: Department of State files. At the meeting held November 6–7, there were 26 ministerial participants and 3 observers representing ASEAN, the Asia Pacific Economic Cooperation Conference, and the South Pacific Forum. Secretary of State Baker, Secretary of Commerce Robert A. Mosbacher, and U.S. Trade Representative Carla A. Hills represented the United States.

Ministers also expressed their recognition of the important contribution ASEAN and its dialogue relationships have played in the development to date of APEC, and noted the significant role ASEAN institutional mechanisms can continue to play in supporting the present effort to broaden and strengthen regional economic cooperation.

The discussions on world and regional developments, and on global trade liberalization, focused particularly on the need to advance the present round of multilateral trade negotiations (MTN). Every economy represented in Canberra relies heavily on a strong and open multilateral trading system, and none believes that Asia Pacific Economic Cooperation should be directed to the formation of a trading bloc.

Ministers agreed that the further opening of the multilateral trading system was of substantial and common interest for all countries in the region and that the Uruguay Round represents the most immediate and practical opportunity to pursue this objective on a broad basis. In particular, Ministers reaffirmed their commitment to open markets and to expand trade through the successful conclusion of the round by December 1990.

Ministers agreed that continued close consultation within the region should be used wherever possible to promote a positive conclusion to the round. In this respect, it was agreed that ministers concerned with trade policy should meet in early September 1990 to discuss the emerging results and consider how to unblock any obstacles to a comprehensive and ambitious MTN result. Ministers would then meet again in Brussels in early December on the eve of the concluding session. In the meantime, senior officials should consult regularly in Geneva to exchange views on MTN progress.

Ministers expressed strong support for the timely and successful completion of the Uruguay Round. They noted that much remained to be done if the December 1990 conclusion was to be achieved. They called on all contracting parties to work with them more vigorously to that end.

Ministers agreed that it was premature at this stage to decide upon any particular structure either for a ministerial-level forum or its necessary support mechanism but that—while ideas were evolving—it was appropriate for further consultative meetings to take place and for work to be undertaken on matters of common interest and concern.

Accordingly, ministers welcomed the invitation of Singapore to host a second ministerial-level consultative meeting in mid-1990, and they also welcomed the Republic of Korea's offer to host a third such meeting in Seoul during 1991.

Ministers asked their respective senior officials, together with representation from the ASEAN secretariat, to meet early in 1990 to begin preparations for the next ministerial-level consultative meeting.

They asked senior officials to undertake or set in train further work on a number of possible topics for regional economic cooperation, on the possible participation of other economies in future meetings, and on other issues related to the future of such cooperation, for consideration by ministers at their next meeting.

Attached to this joint statement is Chairman Evan's concluding summary statement[8] which records the substance of discussions during this meeting.

Visiting participating ministers and their delegations expressed their deep appreciation to the Government and people of Australia for organizing the meeting and for the excellent arrangements made for it, as well as for the warm hospitality extended to them.

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285. Principles of Asia Pacific Economic Cooperation

Statement by the Chairman of the Asia Pacific Economic Cooperation Meeting (Evans), Canberra, November 7, 1989 (Extract)[9]

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16. The discussion of all these areas has served to underline the broad areas of economic interest participants have in com-

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[8] *Infra.*

[9] Source: Department of State files.

mon. In particular, a consensus emerged on the following principles of Asia-Pacific economic cooperation.

—The objective of enhanced Asia-Pacific economic cooperation is to sustain the growth and development of the region and, in this way, to contribute to the growth and development of the world economy.

—Cooperation should recognize the diversity of the region, including differing social and economic systems and current levels of development.

—Cooperation should involve a commitment to open dialogue and consensus, with equal respect for the views of all participants.

—Cooperation should be based on nonformal consultative exchanges of views among Asia-Pacific economies.

—Cooperation should focus on those economic areas where there is scope to advance common interests and achieve mutual benefits.

—Consistent with the interests of Asia-Pacific economies, cooperation should be directed at strengthening the open multilateral trading system; it should not involve the formation of a trading bloc.

—Cooperation should aim to strengthen the gains from interdependence, both for the region and the world economy, including by encouraging the flow of goods, services, capital, and technology.

—Cooperation should complement and draw upon, rather than detract from, existing organizations in the region, including formal intergovernmental bodies such as ASEAN and less formal consultative bodies like the Pacific Economic Cooperation Conference (PECC).

—Participation by Asia-Pacific economies should be assessed in the light of the strength of economic linkages with the region and may be extended in future on the basis of consensus on the part of all participants.

17. Further Consultative Meetings. It is evident that there is a large range of significant issues confronting the region and affecting each participant's fundamental economic interests. Ministers agreed that it was premature at this stage to decide upon any particular structure for a ministerial-level forum (or its necessary support mechanism), but that—while ideas were evolving—it was both appropriate and valuable for further consultative meetings to take place and for work to be undertaken on matters of common interest and concern. Accordingly ministers welcomed the invitation of Singapore to host a second ministerial-level consultative meeting in mid-1990, and they also welcomed the Republic of Korea's offer to host a third such meeting during 1991. It was further agreed that it would be appropriate, in the case of any future such meetings, for at least every other such meeting to be held in an ASEAN member country.

18. Work Program. Ministers agreed that if cooperation is to lead to increasingly tangible benefits, the process of cooperation needs to progress beyond agreements on general principles. This will involve the identification and implementation of specific projects as well as enhancing the capacity for objective professional analysis to allow a more systematic identification of our common interests. In this context, ministers identified the following broad areas as the basis for the development of a work program:

—Economic studies: including the review and analysis of the economic outlook for the region and its implications for policy and the improvement of regional economic and trade data;

—Trade liberalization: with an initial focus on consultations among participants at ministerial as well as official level to pursue a timely and comprehensive outcome for the Uruguay Round of multilateral trade negotiations;

—Investment, technology transfer and human resource development: including programs for information exchange and training; and

—Sectoral cooperation: in fields such as tourism, energy, trade promotion, environmental matters, and infrastructure development.

19. Within these categories, ministers further identified a wide range of specific activities or projects which has significant potential for enhancing the process of regional economic cooperation: these are listed in the attachment to this summary

statement. It was agreed that these subjects should be closely considered by senior officials, together with any other proposals that may be made by participants, with a view to setting in train a viable short- to medium-term work program. Progress in the implementation of that work program would be reviewed at the next ministerial-level meeting.

20. Ministers agreed that two particular projects should proceed as soon as possible, via:

(a) Review of data on regional trade flows and developments (covering trade in goods and services) and on capital flows (including direct investment) in order to:

—Identify areas where there is a need to improve the comparability of regional data;

—Identify gaps in data and improve country and industry sector coverage; and

—Develop new data bases as necessary.

(b) Examination of mechanisms to facilitate the identification of trade, investment, and technology transfer opportunities in regional countries, which might include:

—The establishment of joint sectoral industry groups to identify specific projects, particularly the small and medium scale industry;

—A data base on commercial opportunities;

—The promotion of regional confederations of chambers of industry;

—Specific joint project investment studies; and

—Enterprise to enterprise linkages.

It was agreed that senior officials would settle the detailed arrangements for implementation of these projects at their next meeting.

21. Support Mechanism. While some ministers expressed a preference for moving as soon as possible to servicing the future needs of the APEC process through specifically identified structural arrangements of one kind or another, it was agreed that consideration of the structure of a support mechanism would benefit from a further period of reflection and evolution of the cooperation process. Accordingly ministers agreed that arrangements for the next one or two ministerial-level meetings should be overseen by senior officials from participating economies, joined by representation from the ASEAN secretariat.

22. It was agreed that this group of senior officials should convene at an early date, preferably no later than January 1990, in the first instance to advance a work program in the way outlined above.

23. It was agreed that follow-up work should draw on existing resources for analysis in the Asia–Pacific region, including the work of PECC task forces. The chairman of the standing committee of PECC indicated PECC's willingness to assist in this regard.

24. Participation. Ministers have noted the importance of the People's Republic of China and the economies of Hong Kong and Taiwan to future prosperity of the Asia–Pacific region. Taking into account the general principles of cooperation identified above, and recognizing that APEC is a nonformal forum for consultations among high-level representatives of significant economies in the Asia–Pacific region, it has been agreed that it would be desirable to consider further the involvement of these three economies in the process of Asia–Pacific economic cooperation.

25. It has been agreed that it would be appropriate for senior officials to undertake further consultations and consider issues related to future participation in the APEC process by these and other economies, including those of the Pacific Islands, and to report back to the next APEC ministerial-level meeting.

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3. Southwest Pacific

286. U.S. Policy Concerning the South Pacific Nuclear-Free Zone Treaty

Press Conference by Secretary of State Baker and the Secretary of Defense (Cheney), Sydney, November 4, 1989 (Extract)[1]

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Q. Mr. Cheney, the U.S. stand with nuclear-free zones has been pretty well known for some time, and strengthened by the White House last week. Australian officials said yesterday that they got the strong sense from the U.S. Delegation that you would not oppose a move in the U.N. for a nuclear-free zone in the South Pacific. Does that represent a change in U.S. policy on nuclear-free zones?

SECRETARY CHENEY. Well, as a general proposition, I leave comments and decisions on our policy at the United Nations to my colleague Mr. Baker, but today I'll make an exception. No, let me make a general statement of policy. I think the peace and security of the free world for more than 40 years now has been dependent upon our successful strategy of deterrence, and that strategy's been based upon the U.S. nuclear capability, that we've provided, indeed, a nuclear umbrella, if you will, for the free world, that has guaranteed the safety and security of not only the United States but of our major allies around the globe.

Now, given that global responsibility, we find it obviously difficult to adopt the proposition that nuclear-free zones contribute to better world strategy. And while certainly we understand, while nations in a particular area may have views with respect to situations in their own region, given our global responsibilities and global perspective, the development of nuclear-free zones is not something that we have encouraged. We don't believe it contributes to overall stability and deterrence.

I would point out that U.S. practices, with respect to how we conduct ourselves, are consistent with the provisions of the South Pacific nuclear-free zone.[2] And I would defer to my colleague Mr. Baker on the question of the U.S. position in the United Nations on that issue.

SECRETARY BAKER. Let me answer that by saying that we are going to consider, and are considering, the exact nature of the vote that we are going to cast, and we are discussing that with a number of others.[3]

Having said that, having given you that nonanswer about exactly how we're going to vote, let me simply reconfirm what Secretary Cheney has said about our general opposition to nuclear-free zones from the standpoint of our global security responsibilities. The United States has, in our view at least, a disproportionate responsibility for preserving global security, so we must, of necessity, look at these questions in global terms rather than regional terms.

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[1] Source: Department of State Press Release No. 212, November 6, 1989. Secretaries Baker and Cheney were in Sydney November 3–4 for meetings with Australian officials. The press conference was given jointly with Australian Foreign Minister Gareth Evans and Defense Minister Kim Beazley.

[2] Reference is to the South Pacific Nuclear-Free Zone Treaty, done at Rarotonga, August 6, 1985, and its three protocols, done at Suva, August 8, 1986, by members of the South Pacific Forum. For text of the treaty and the protocols, see *The South Pacific Nuclear Free Zone: Hearings and Markup Before the Committee on Foreign Affairs and its Subcommittee on Asian and Pacific Affairs, House of Representatives, One Hundredth Congress, First Session, on H. Con. Res. 158* (Washington, 1988), pp. 121–140. The three protocols were opened for signature by nuclear-weapons states in December 1986. The Department of State announced on February 5, 1987, that the United States had decided not to sign them; for text of the announcement and a summary of the protocols, see *American Foreign Policy: Current Documents, 1987*, p. 521.

[3] On December 15, the U.N. General Assembly adopted by a vote of 151–0–4 Resolution 44/119 F, which commended the South Pacific Nuclear-Free Zone Treaty and its protocols for the consideration of all member states. The United States abstained.

4. Southeast Asia

287. "Much Has Been Accomplished; Much More Remains To Be Done"

Address by the Deputy Secretary of State (Eagleburger) Before the International Conference on Indochinese Refugees, Geneva, June 13, 1989[1]

"Let us do something meaningful—something profound—to stem this misery. We face a world problem. Let us fashion a world solution. History will not forgive us if we fail. History will not forget us if we succeed." It is with these words that then Vice President Mondale, the head of the U.S. Delegation to the 1979 Geneva meeting on refugees and displaced persons, challenged his fellow delegates to develop a multilateral response to the human tragedy of Indochina's refugees.

The international effort that resulted from that meeting was unprecedented. Since 1975, over 1.5 million Vietnamese, Cambodians, and Laotians have been resettled in third countries; 900,000 of them in the United States alone. And yet, as shown by our presence here today, our work is not finished. Much has been accomplished; much more remains to be done. The 1979 program, important though it was, did not become the truly viable alternative to clandestine departure so hopefully envisaged a decade ago. The simple fact is that thousands upon thousands of Vietnamese—unable to obtain exit permits from the Vietnamese authorities—have fled their homeland. Until Vietnam reforms its system, the exodus of Vietnamese will continue.

Our task today is to deal as humanely and effectively as we can with this inescapable reality, building upon the many accomplishments that have been realized since the 1979 conference. We must, first of all, unequivocally reaffirm the practice of first asylum, thereby safeguarding the protection and humane treatment of all those who seek asylum. We must address the very real and legitimate concerns of those nations which have so generously sheltered asylum seekers. We must ensure that the means for direct and orderly departures are available as alternatives to hazardous escape. We must provide for the dignified and safe return to their country of origin of those people who freely choose to return. Finally, we must continue our refugee resettlement programs.

These principles have the strong bipartisan support of the U.S. Congress and the American people.

The *comprehensive plan of action*[2] we are asked to adopt at this conference will—if approved—move us a long way toward the accomplishment of these worthwhile goals. Those who labored so long and so hard on the comprehensive plan are to be congratulated. They have fashioned a practical course of action in a terribly complex area, balancing the often conflicting interests of states with the human needs of the asylum seekers. The balance that has been struck is delicate; we should not seek to alter it.

The world looks to Vietnam to provide full opportunity for resettlement to those who have been detained in reeducation camps. Nothing the Socialist Republic of Vietnam could do in this area would be more favorably received by the United States and the international community. In 1984, President Reagan affirmed the commitment of the American people to welcome with open arms prisoners and their families from reeducation camps. Today, I reaffirm that commitment on behalf of President Bush. And I call upon Vietnam to resume negotiations with the United States, looking toward the day when this large group of excluded persons will be allowed to emigrate. Only then will the orderly departure program become a true alternative to clandestine departure.

The United States commits itself to accelerate and expand orderly departures from Vietnam. We will assign additional personnel to the program so that our interviews in Vietnam can be more than doubled to 3,500 per month. We applaud those other resettlement nations which have made similar commitments to expand their own programs for direct departure from Vietnam.

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[1] Source: Department of State *Bulletin*, October 1989, pp. 69–70. The date of the speech is incorrectly given in the *Bulletin* as June 18. Eagleburger headed the U.S. Delegation to the International Conference in Geneva, June 13–14.

[2] The comprehensive plan and a draft declaration, adopted by consensus of the Conference, are *ibid.*, pp. 71–73.

The United States welcomes Vietnam's commitment to accept, with UNHCR supervision and protection, those of its citizens who wish to repatriate voluntarily. Clearly, voluntary repatriation is both appropriate and feasible. But such returns must be truly voluntary and not the result of intolerable conditions of detention. Furthermore, it must be accomplished under safe conditions and with assurance that treatment thereafter will be humane.

The plan imposes heavy responsibilities upon the United States; we will carry them out fully and generously. Since 1979, we have contributed more than $0.5 billion to the care and support of refugees from Vietnam, Cambodia, and Laos. Beyond this, of course, are the billions of dollars in resettlement costs which we have borne as well. We will continue to give generously to the UNHCR and other appropriate organizations for the protection and well-being of persons in first asylum. We will continue the historic effort of the American people to resettle bona fide refugees. And we will continue to defend the human rights of individuals who seek asylum, whether or not they are found to be refugees. To Vietnam we say:

—Accept responsibility for the well-being and human rights of your citizens; initiate the reforms—economic, social, and political—that will encourage your people to remain in their cities and villages;

—Make orderly departure programs truly viable by agreeing to an initial target of at least 6,000 orderly departures per month; and

—Demonstrate your genuine commitment to the comprehensive plan by granting all those eligible for orderly departure the right to emigrate freely.

Voluntary repatriation, orderly departure, and other UNHCR programs called for in the comprehensive plan must be allowed a reasonable time to work. The United States accepts as a general principle that asylum seekers who are found not to be refugees are ultimately the responsibility of their country of origin. For more than a decade, conditions in Vietnam have repelled large segments of its population. So long as these conditions continue—unless and until dramatic improvements occur in that country's economic, social, and political life—the United States will remain unalterably opposed to the forced repatriation of Vietnamese asylum-seekers. We will not consider forced repatriation as falling within the rubric of "acceptable under international practices."

At the same time, however, those who flee clandestinely and cannot establish a well-founded fear of persecution must understand that such flight no longer leads to resettlement. Such persons will face an indefinite stay in a holding camp until conditions in their homeland moderate. It is important for those thinking of fleeing the former North Vietnam to realize that most will fail to qualify as refugees and will, therefore, not be eligible for resettlement.

The comprehensive plan calls upon the countries of first asylum to reaffirm the basic humanitarian practice of temporary refuge for all asylum seekers—a practice which has been upheld with great forbearance and sacrifice by those countries for more than a decade. New screening procedures and the reluctance of most asylum seekers to repatriate voluntarily are likely to result in a continued if temporary growth in refugee populations in first asylum countries. We note, in this respect, the reference in the comprehensive action plan to the possibility of a regional holding center under the auspices of the UNHCR. We stand ready to explore this possibility in the steering committee.

As part of the new regime envisaged by the comprehensive plan, countries of first asylum would commit to:

—Treating all asylum seekers in a humane manner;

—Granting the UNHCR immediate access to all new arrivals; and

—Working in a close collaboration with the UNHCR on screening mechanisms for determining refugee status.

The United States recognizes that these new responsibilities will create additional logistical and administrative requirements and awaits the UN's appeal for funds to support this effort. We will contribute our fair share.

The United States will also assist in alleviating the burden that long-staying refugees pose for the countries of first-asylum. As of mid-March 1989, first asylum countries supported 52,000 Vietnamese who had arrived before the cut-off dates. The United States is committed to resettling 22,000 persons from this population over the next 3 years.

Similarly, the United States will assist in the resettlement of those new arrivals determined to be refugees. We anticipate accepting up to 50% of this refugee population for resettlement in the United States.

In Laos, although we have been greatly encouraged by improved prospects for voluntary repatriation, the comprehensive plan also recognizes that for many Lao refugees, third-country resettlement remains more appropriate. We have already welcomed over 200,000 Lao to the United States and will continue to process Lao refugees for resettlement.

Finally, a word on the responsibilities undertaken by the donor and resettlement countries under the comprehensive plan of action. We all must remain steadfast in our common commitment to provide funding and resettlement and to stand together as partners in finding an effective solution to this continuing tragedy.

The United States pays tribute to the UN High Commissioner and his dedicated staff for their unflagging efforts over the past year to protect the rights of those seeking asylum, while at the same time addressing the concerns of those countries most burdened by asylum seekers. In the months ahead, the international community will look to the UNHCR to continue its firm leadership in the implementation of the comprehensive plan.

All of us—countries of origin, countries of first asylum, and countries of resettlement—have a historic opportunity. By adopting here and now this humanitarian and practical plan of action, we will have embraced the beginning of a solution to one of the most appallingly difficult human problems of our times.

The plan is not a perfect document, but it is a major step forward. Nor is it a static concept; some of its elements must evolve over time. The steering committee to be established to monitor the plan's progress will assure flexibility, while at the same time—because it will act through consensus—guaranteeing the support of all states party to the plan. The United States supports this monitoring effort and will actively participate in this and the subsequent regular reviews.

We understand and appreciate that the process embodied in the plan of action before us is painful, costly, and often slow. But, however great our burden as we undertake this plan, it pales in comparison with the burden borne by the refugees we seek to help. Surely we cannot ask less of ourselves than we ask of them.

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288. "ASEAN . . . A Pillar of U.S. Policy in the Pacific"

Address by Secretary of State Baker Before the ASEAN Postministerial Conference, Bandar Seri Begawan, Brunei, July 6, 1989[5]

I am very pleased to be here. This is my first opportunity to participate in this important forum. Close consultation with ASEAN has become a tradition with American Secretaries of State for a key reason: Our respect for and collective efforts with ASEAN serve as a pillar of U.S. policy in the Pacific.

As the importance of the Pacific grows, the vitality of the ASEAN postministerial conference dialog grows with it. In that spirit, I am anxious to share with you our views on the situation in Asia and the Pacific and the challenges we see in this historic time of transition.

Asia—like Europe—is in the midst of transformations propelling the world toward a promising new era. In many ways, East Asia has gotten a jump on the new order taking shape. We see several unmistakable trends: the worldwide renaissance of democracy; the failure of communism as an economic and political system; the renewed force of free enterprise and private initiative in an increasingly integrated global economy; and rapid technological advance propelled by the open exchange of information within a worldwide scientific community.

This new order is full of challenges and opportunities for all nations. And the going will not always be smooth—as events in China have proven. There will be setbacks, disappointments, and risks. But to stand in the way of necessary, historic change—as we have seen to our revulsion and sorrow in China—is to turn one's back to the future.

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[5] Source: Department of State *Bulletin*, September 1989, pp. 58–59. Baker visited Brunei July 5–7 to attend this conference.

The United States seeks in this period of great global change to adjust old international structures and build new ones in order to foster our fundamental principles: democracy, freedom, economic liberty, reliance on open markets, and respect for the efforts and contributions of the individual.

If the United States is to meet the challenges and realize the opportunities, we must engage actively in a new partnership with ASEAN and our other friends elsewhere throughout the world.

The United States hopes to serve as a catalyst for cooperation. President Bush calls this process "creative responsibility sharing." It's a concept already familiar to ASEAN. You have been the key orchestrator of international efforts to end the Cambodian conflict. You are actively engaged in exploring new possibilities for economic cooperation in the Pacific. ASEAN nations have collectively provided first asylum to millions of refugees from Indochina. And ASEAN has been helpful in initiating the Uruguay Round of GATT negotiations—to name only a few key areas where ASEAN has long practiced creative responsibility sharing.

Together, the United States, our allies in Asia, and our friends in ASEAN have much work to do, for the sake of each of our nations, for the sake of the region, and for global well-being.

Together, we must work to ensure the vitality of the world's trading system. Fast-maturing economies and the rush of new technologies are putting new strains on global commerce. Now, all who have benefited from the open system of trade must share responsibility for keeping it open. We must counter all forms of protectionism—whether overt, subtle, or structural—in all the nations that rim the Pacific.

Together, we must ensure the security and stability of the Pacific. U.S. security commitments in the region have fostered an environment in which the ASEAN economies have flourished. Changing threats and resource constraints notwithstanding, the United States intends to maintain its presence in East Asia.

The conflict in Indochina underscores the importance of our security consensus and our political association with ASEAN. Vietnam's announced intention to withdraw from Cambodia by the end of September has given a new urgency to the search for peace. While the prospects for a resolution of the Cambodian conflict are encouraging, the danger of a new cycle of civil war is very real. As always, we view close cooperation with ASEAN as essential to bringing about a just and durable peace based on the self-determination and renewal of the Cambodian people.

As free nations, we must do all that we can to foster democratic and humanitarian efforts in the region. The comprehensive plan of action for Indochinese refugees agreed to in Geneva last month is one such opportunity. Another is ASEAN's support for democracy in the Philippines, including the Multilateral Assistance Initiative.

So, together we face these and many other challenges. I'm here to say—and I cannot stress this too strongly—that the United States will stay engaged with you to see them through. We see East Asia as integral to America's future—and to the world's future. We see continuing U.S. engagement as crucial to the stability, growth, and influence of this dynamic region.

In my consultations here in Brunei, I would like to outline U.S. views for meeting these challenges. Today, in particular, I want to discuss two areas of major concern to us and to you in ASEAN: enhancing Pacific Basin cooperation and security in Southeast Asia.

In recent years, we have witnessed a remarkable degree of economic and financial integration in the Pacific. Transpacific trade totaled $271 billion last year, and intra-Asian trade was in the range of $200 billion. U.S. investment in ASEAN has more than doubled since 1982 to over $10 billion. Together with Japan, we account for 70% of foreign investment in ASEAN.

The growing interdependence of the region has raced ahead of the organizational means to contend with its effects and to ensure a smooth transition to the next stage. Over the past year, we have seen a number of proposals to create a mechanism to address economic opportunities and problems of common concern. They all seek to enhance region-wide cooperation so as to strengthen sustainable economic growth. They all recognize our mutual commitment to one another and to the larger international economic order.

Pacific rim economic cooperation is an idea whose time has come. Building a consensus to turn these ideas into reality is a top item on our agenda. We do not bring a definitive blueprint. Rather, through dialog with ASEAN and other market-oriented countries, we seek accord on the guiding principles and structure of such a mechanism. As a starting point, let me offer a few suggestions for your consideration.

First, we believe it would be useful if a possible mechanism encompassed a significant array of issues—for example, trade, investment, and regional economic infrastructures, such as transportation and communications. It could possibly extend to other topics such as the protection of the natural resources of the Pacific Basin. Effective management of our interdependence necessitates a full understanding of one another's perspectives.

Second, a pan-Pacific entity should recognize the diversity of social and economic systems and differing levels of development in the region.

Third, while acknowledging our distinctive national differences, we should also recognize together that private initiative and free-market policies offer the best route for promoting opportunity and higher living standards for all our citizens.

Fourth, we should forge a common commitment by market economies to facilitate the free flow of goods, services, capital, technology, and ideas.

Fifth, any Pacific-wide institution must be an inclusive entity that expands trade and investment. It should help, not hinder, already existing efforts such as the Uruguay Round or the OECD.

Sixth, any such effort must respect, preserve, and perhaps even enhance the uniquely beneficial ASEAN contribution to the region and to the world at large.

Finally, any ongoing governmental support for a new arrangement should be flexible so it can adapt as the group and its functions evolve. Perhaps a small secretariat staffed by government officials would be suitable. Alternatively, a less formal Sherpa group drawing from each of our governments might be preferred.

These are some of our thoughts. I hope they contribute to advancing a result that is to our mutual benefit. But I am here this week to learn what you think—for we need a consensus, if we are to proceed successfully.

Another key item on our agenda is reinforcing regional security. We view our forward-deployed deterrent as a central element in maintaining equilibrium in the region.

Our military bases in the Philippines are an important part of this balance. We hope and expect to find ways to sustain our military presence in the Philippines after 1991. Such an outcome would best serve the interests of the United States, the Philippines, and stability in Southeast Asia. But whatever the outcome of the negotiations with the Philippine Government—that we expect to begin this fall—we are committed to maintaining a credible deterrent in the region to honor our treaty obligations.

I must add that our friendship with the Philippines far transcends the fate of Clark and Subic Bay. Our Multilateral Assistance Initiative testifies to that. It is a symbol of our commitment to support democracy in the region and a model of donor cooperation.

Our most immediate security challenge lies in Indochina. The conflict in Cambodia remains the chief source of tension in the region. Efforts to build comprehensive and stable political settlement are now reaching a critical stage. The United States and ASEAN share three main objectives: a verified withdrawal of Vietnamese troops, effective measures to prevent the return to dominance of the Khmer Rouge, and self-determination for the Cambodian people.

We believe that support for the non-Communist resistance led by Prince Sihanouk is central to reaching our goals. As the negotiating process quickens, we should increase, not decrease, the influence of those who are best positioned to counter the beneficiaries of aggression and the agents of brutality. Prince Sihanouk's efforts to work out a powersharing agreement with the Hanoi-sponsored Hun Sen regime are crucial to the achievement of a viable political accord, and we urge our ASEAN friends to use their unity to do all they can to strengthen the Prince's position, as he seeks to advance the process of national reconciliation.

Such an accord, we believe, should include: a cease-fire; cessation of foreign military aid to all factions; an interim coalition government led by Prince Sihanouk; and an adequate and credible international presence to verify the Vietnamese withdrawal, monitor and supervise free elections, and stabilize the peace. We see the United Nations as the best means of accomplishing these objectives.

Like others in this region, and beyond, we too hope the day is near when Indochina can be transformed from a battlefield to a marketplace. Yet to achieve this end--to remake the terrible swords of the killing fields into plowshares for a peaceful community—we must maintain our resolve and our unity of purpose, now more than ever.

In conclusion, President Bush and I have great respect for the cooperative and rewarding relationship we have already developed with ASEAN. But we believe the future holds even greater promise. We seek to go beyond our past successes to forge a creative, growing, and mutually beneficial partnership for the challenging era ahead.

B. Australia

289. "America . . . Admires Australia's Bold Leadership in Foreign Policy"

Statements by President Bush and Prime Minister Hawke, June 27, 1989[1]

'THE PRESIDENT. Prime Minister and Mrs. Hawke, Barbara and I are very pleased to welcome you as old friends to the United States and to the White House. We had the opportunity to enjoy Australia's renowned hospitality in 1982 during Australian-American Friendship Week. And so, Barbara and I are just delighted to try to return that marvelous hospitality.

And there's another reason why it is so fitting for Australia's Prime Minister to be among the first official guests. Our nations share a similar heritage: a pioneer heritage in the taming of two vast continents, a heritage of democratic ideas, and a heritage of common sacrifice in war and common efforts in peace. And in our last visit, Barbara and I joined your countrymen in the commemoration of one of the most costly battles of the Second World War—the Battle of the Coral Sea—a poignant reminder of how much Americans and Australians have sacrificed four times in this century in the defense of freedom.

So, this is not just an alliance between two great powers. It is an intimate partnership between two peoples. And your visit reaffirms the vigor of this partnership, the enduring strength of our alliance.

The giant strides that we've made recently toward many of our common goals—major progress in arms reductions; major progress in resolving conflicts in Afghanistan, Angola, and Cambodia—all were made possible by the resolve of the West. Our countries prize peace, but recognize that peace comes only through Western strength and vigilance. And we must maintain our alliances and stand by our friends if we are to fulfill the promise of a new era of lessened tension and confrontation. And that is why the United States is so grateful for Australian leadership in our common defense.

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[1] Source: *Weekly Compilation of Presidential Documents*, July 3, 1989, pp. 992–994. The President and the Prime Minister spoke at 10:10 a.m. at the South Portico of the White House prior to their meeting in the Oval Office. Hawke was in the United States June 24–27 for an offical visit.

America also admires Australia's bold leadership in foreign policy, both close to home and far from your shores. From the South Pacific to Africa, Australia is a force for economic growth and a beacon of democracy. And we value your contribution, your good judgment, and your advice.

Mr. Prime Minister, we have much to discuss at an important moment in history. Events in China call for close consultation among the free nations. And the United States and Australia have a longstanding tradition of such consultation on important issues. And I am interested in hearing your assessments of recent world events.

There are many pressing international issues. And, Mr. Prime Minister, your leadership in organizing global efforts to cope with the threat of chemical weapons is one position that is greatly admired by Americans. The United States supports Australia's efforts, and you may be assured of our commitment to the early achievement of an effectively verifiable treaty banning these weapons.

And so, today we shall discuss world events, arms control, trade, Pacific regional cooperation, economic cooperation, other subjects.

But, Mr. Prime Minister and Mrs. Hawke—Bob and Hazel, if you will—you have a busy schedule in your very brief time with us. But we hope to make your visit to Washington as pleasant and as memorable as ours was to your great country. Welcome to Washington, sir.

THE PRIME MINISTER. Mr. President, Barbara, it's an immense pleasure for me, in these 3 days in Washington, to renew our long friendship. And it is a special pleasure and privilege to join with you as the elected Chief of the greatest democracy in reaffirming the deep, abiding friendship of our two countries. In you, Mr. President, the Western World has an experienced and forward-looking leader. And in you, Australia has a valued and longstanding friend.

Today, as you've said, Mr. President, I look forward with you to continuing the exchange of views on all the issues affecting our countries in the spirit of friendship and of frankness which has always characterized our association and which befits the relationship and, if I may say, the partnership between Australia and the United States. As you say, Mr. President, we are meeting at a time of historic and far-reaching change across the world. There now exist unparalleled new opportunities, challenges, and, may I say, responsibilities for leadership and positive achievement on crucial issues of peace and security, East-West relations, economic progress, world trade, and the protection of the world environment.

You have already demonstrated, Mr. President, your determination to give leadership. Your constructive approach to East-West relations is demonstrated by your creative and bold proposal for the reduction of conventional weapons in Europe.[2] In this and other arms controls endeavors aimed at reducing nuclear armaments, and as you importantly emphasize, banning chemical weapons, you know, Mr. President, that you can count consistently on the support of Australia.

In this new and challenging era, the constancy, the depth, and the vitality of the alliance between Australia and the United States will remain crucially important to the national interests of both our countries. But it has a wider regional and indeed global significance. Under ANZUS,[3] the joint Australia–United States defense facilities in Australia are significant elements in maintaining the peace and in supporting the effectiveness of arms control and disarmament agreements. Over recent years, our cooperation and consultations at the highest levels have been stronger, broader, and more productive than at any other time since ANZUS was formed.

But, Mr. President, as we both agree, our alliance goes far beyond our defense alliance. It encompasses dynamic economic links and broad and deep human and cultural associations. But above all, it is based on the firmest of foundations: our shared commitment to democracy and to individual liberty within the rule of law.

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[2] See Document 120.

[3] For text of the Security Treaty between Australia, New Zealand, and the United States (ANZUS) signed at San Francisco September 1, 1951, entered into force April 29, 1952, see UST (pt. 3) 3420.

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Mr. President, it is precisely because of the depth and the maturity of our relationship that the differences of views that do exist between us can be faced openly and honestly as, for example, on some trade matters, particularly aspects of agricultural policy. I am quite confident that today we will be able to focus on ways to minimize, if not entirely resolve, such differences. I look forward to exploring with you means of cooperating in the current Uruguay round of multilateral trade negotiations to achieve some progress toward the goal that we both want: an international trading system based on free and fair competition.

I know that we both understand that moving in the opposite direction toward a world of separate and competing trade blocs would be economically disastrous and quite possibly strategically destabilizing. That is one of the reasons, I might add, why earlier this year I suggested the development of closer regional economic cooperation in the Asia–Pacific region. Implementation of my proposal could, I believe, improve significantly the chances for success in the Uruguay round, as well as acting for a catalyst for further growth in our dynamic region. I'm very keen, Mr. President, to exchange views with you on this proposal. And may I say, Mr. President, that I indeed welcome Secretary Baker's support last night for a new mechanism for multilateral cooperation among the nations of the regions as an idea whose time has come. I am delighted that the United States supports my call for a ministerial meeting this year as a first step if, as I hope and expect, there is consensus in the region.

Mr. President, I make this final point. The American presence has been a prime factor in creating and in maintaining the conditions for stability and prosperity in the Asia–Pacific region. America's continuing involvement in our region remains a key to its future progress. As you say, Mr. President, we have before us an imposing dialog that we have to deal with.

What gives this visit and our discussions their real substance, however, and what will make them so mutually beneficial is the sense of common purpose that we bring to these matters based on our common national and international interests and on our common commitment to peace and to freedom.

Mr. President—George—I thank you again for the warmth of your welcome not merely today but since I have arrived. May I say, not just the warmth—[*laughter*]—we're used to that. And I know you have enormous power, perhaps more than any in the world, but I know there are limits to your power. [*Laughter*] That warmth is a coincidence, but, George, there is no coincidence about the personal warmth that you have extended—that you and Barbara have extended to Hazel and myself. For that, I thank you. And I conclude, George, by saying this: You have visited Australia, as you say, as Vice President; and I look forward to welcoming you to our country as President of the United States and as a true friend of Australia.

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290. Australia–U.S. Ministerial Meeting

Joint Communiqué Issued by the Governments of the United States and Australia, Sydney, November 4, 1989[4]

The Australian Minister for Foreign Affairs and Trade, Senator Gareth Evans, and the Minister for Defence, Mr. Kim Beazley, and the United States Secretary of State, Mr. James A. Baker, III, and Secretary of Defense, Mr. Richard Cheney, met on 3–4 November 1989 in Sydney[5] to discuss global and regional issues of importance to both countries as well as significant issues in the bilateral relationship.

These annual talks, the first under the Bush administration, maintain the tradition of regular and close contact at the highest levels between the two governments and reflect shared interests and obligations as allies under ANZUS and the value attached by each country to discussing matters of common concern.

The Australian and U.S. Governments underlined the fact that relations and cooperation between Australia and the United States under the ANZUS alliance remained strong. They reaffirmed the positive contribution the alliance makes to regional security and stability as well as its relevance to the global balance and world peace. Both governments expressed regret that New Zealand policies continued to prevent a resumption of the full trilateral relationship that had existed in the past under ANZUS.

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[4] Source: Department of State files.

[5] Following this meeting, Secretary Baker attended the Asia Pacific Economic Cooperation (APEC) meeting held in Canberra November 6–7. See Documents 284 and 285.

The United States welcomed the progress that Australia continued to make in fulfilling its security goals as expressed in the Australian Government's White Paper on Defence. The United States reaffirmed its understanding that the Australian Government's emphasis on defence self-reliance and modernization, incorporated into an alliance framework and based on broad concepts of strategic responsibilities and regional cooperation, constituted a strong foundation for the defence of Australia and for Australia's fulfillment of its alliance responsibility.

Both sides welcomed the important changes to the arrangements under which the United States and Australia cooperate in maintaining the Joint Defence Facilities at Pine Gap and Nurrungar announced by the Prime Minister, the Hon. R.J.L. Hawke, on 22 November 1988.[6] They noted that the changes ensured that the facilities continued to operate in ways that best secured the interests of both countries, including through their contribution to global security and verification of crucial arms control agreements.

The Australian and United States Governments expressed their strong desire to see the recent positive momentum in East-West relations sustained. *Perestroika* under President Gorbachev in the Soviet Union, and the impetus it had given to reforms in Eastern Europe—particularly in Poland and Hungary—offered an historic opportunity for reducing tensions, enhancing stability and increasing cooperation between East and West on a wide range of issues. Both governments noted that the West should encourage consolidation of the reform process in the Soviet Union and East Europe, and that it was in the interest of the Western Alliance that the U.S. and USSR find enduring points of mutual interest that benefit both parties.

More recent positive movement on a number of arms control and disarmament issues was noted. Particular mention was made of the highly successful Conference on Chemical Weapons held in Canberra in September. This conference brought together for the first time government and industry representatives from 66 countries and succeeded in obtaining an undertaking from the industry representatives to work with governments to bring about at the earliest date a comprehensive, global and effectively verifiable chemical weapons convention banning for all time and in all environments the development, production, stockpiling, transfer and use of chemical weapons. Both governments reiterated their strong support for this objective and exchanged ideas on concrete ways to move the process ahead, recognizing the real security benefits which will result from the convention. They agreed to work together to develop a number of proposals to promote rapid achievement of the convention. These included the establishment of the Technical Experts' Group to help resolve technical issues, the International Chemical Industry Forum to facilitate the necessary input from industry and other measures to help resolve outstanding questions.

The Australian delegation noted with particular appreciation President Bush's role in bringing about the present degree of momentum in chemical weapons negotiations. The United States welcomed the selection of Australia as coordinator for 1990 of the Western Group in the Geneva chemical weapons negotiations. Initiatives taken by the United States and the Soviet Union to promote progress on chemical weapons arms control and disarmament, and in addressing other issues on the arms control agenda, in particular the conventional arms negotiations in Europe and advances achieved towards the successful conclusion of a START agreement, were also strongly welcomed.

Both governments emphasized the importance they attach to the Treaty on the Non-Proliferation of Nuclear Weapons,[7] and in that context to the Fourth NPT

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[6] Reference is to the Joint Defense Space Communications Station Agreement signed at Canberra and entered into force November 10, 1969, by an exchange of notes amending and extending the Joint Defense Space Research Facility Agreement signed at Canberra December 9, 1966. For text of the 1966 agreement, see 17 UST 2235. For text of the 1969 agreement, see 20 UST (pt. 3) 3097.

[7] For text of the Treaty on Non-Proliferation of Nuclear Weapons signed at Washington, London, and Moscow, July 1, 1968, entered into force March 5, 1970, see 21 UST 483.

Review Conference to be held in 1990. They again urged all states not yet party to adhere to the treaty and to accept International Atomic Energy Agency safeguards on all their peaceful nuclear activities.

Both sides reviewed the changing strategic environment in the region. They agreed that a reduction of tensions between the super powers would not automatically produce a more tranquil region. The Australian Government made clear the importance it attached to the United States remaining actively engaged in the Asia-Pacific region. Australia welcomed the announcement that talks between the United States and the Philippines on the future use of military facilities would begin in December. While recognizing that this issue was a matter for bilateral resolution, Australia expressed the hope that the talks would result in the continued U.S. use of these facilities in the Philippines as an important contribution to regional confidence and security. The Australian Government also noted with approval that the U.S. and Singapore had agreed to expand U.S. use of naval and air defense facilities in Singapore.

Both sides reaffirmed their commitment to working closely with the island states of the South Pacific to foster political stability and economic security in the region. They expressed hope that the Fiji authorities would encourage a process of full and open dialogue between the communities there to arrive at an outcome to Fiji's current problems which was broadly acceptable to all communities in Fiji.

Regarding New Caledonia, the two governments welcomed the continuing commitment of the French Government and all other parties to the implementation of the Matignon accords and urged all groups in the territory to continue to promote political and economic development based on a process of consensus and reconciliation.

The growing international recognition accorded to the Federated States of Micronesia and the Republic of the Marshall Islands was welcomed. Each government noted that it had established ambassadorial-level relations with both the FSM and RMI. They agreed on the need for Palau's final status to be determined in a manner consistent with the will of the people of Palau.

The Australian and United States Governments noted developments in their respective relationships with Papua New Guinea. While noting with concern the seriousness of the problems facing the Government of Papua New Guinea, particularly in the North Solomons Province, they expressed support for the efforts of the PNG Government to stabilize the situation in the province.

The Australian Government reiterated its firmly held view that the Treaty of Rarotonga[8] served the security interests of both the United States and Australia as well as those of the other countries in the South Pacific region. The United States noted that, based on its global security interests and responsibilities, it had not signed the treaty protocols. It reaffirmed that U.S. activities in the region were not inconsistent with the treaty or its protocols.

Both countries welcomed the announced withdrawal of Vietnamese troops from Cambodia, while noting that verification by an acceptable international control mechanism was required if all parties to the conflict were to be satisfied that a complete withdrawal had indeed taken place. Both countries expressed their support for a comprehensive settlement and called on the Cambodian factions to commit themselves to achieve early progress on national reconciliation. Australia and the United States expressed their disappointment that the Paris International Conference on Cambodia had been unable to agree on a comprehensive settlement and expressed their strong support for recent efforts by the ASEAN countries to sustain a political dialogue among the parties most directly concerned. Australia and the United States called on the Cambodian factions and their principal backers, China, the Soviet Union and Vietnam, as well as other parties to the conflict to intensify efforts to reach a comprehensive settlement and thus bring an end to the continuing suffering of the people of Cambodia.

While committed to long term cooperation with China based on mutual respect, the attainment of common interests and mutual benefits, both governments noted that the events of June in China and the subsequent repression had set back the processes of reform and modernization.

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[8] See Document 286, footnote 2.

Both governments expressed hope that the Chinese authorities would observe internationally accepted standards of human rights and rapidly return to a program of development and openness to the world.

Australia noted the substantial commercial interest for U.S. and Australian industry in the launch from the People's Republic of China of U.S. made satellites for AUSSAT and underline the importance it attached to the successful launch of those satellites.[9]

The two sides expressed satisfaction over the successful launching of the Philippines Multilateral Assistance Initiative, designed to strengthen economic recovery in the Philippines and support the social and economic reforms of the Aquino government.

The two sides reaffirmed their common commitment to the multilateral trading system and toward achieving a successful outcome from the Uruguay Round of Multilateral Trade Negotiations. Although the Uruguay Round was the most complex such project ever undertaken, both sides were encouraged by the progress made on new issues such as trade in services. At the same time they expressed concern for progress in negotiations on other important issues, especially agriculture, and agreed that participants must make every effort to achieve a final outcome by the scheduled date of December 1990 which adequately took into account the interests of all GATT member-countries.

Both governments welcomed the constructive atmosphere that had prevailed at the second U.S.–Australia Ministerial Trade Talks held in Washington in October. The exchanges on a wide range of bilateral and multilateral trade issues had proved most valuable and both sides reaffirmed their intention to continue the practice of meeting at ministerial level to review the trading relationship. The United States took note of Australia's concerns over the impact on Australia of U.S. agricultural trade policies. The U.S. stated its view that the EEP remained an important form of leverage in achieving significant reform in agricultural trade in global negotiations. Both sides welcomed the recent comprehensive U.S. proposal in the Uruguay Round to eliminate the trade distorting effects of agricultural policies.

Both governments stressed the importance of the continuing international struggle against the production, trafficking and consumption of illicit drugs. They pledged closer bilateral cooperation as well as support for an enhanced United Nations effort to deal with this growing scourge of global proportions.

The two governments affirmed the high priority they both accord to global environmental issues.

The two governments had a useful exchange of views on the steps necessary for the comprehensive protection of the Antarctic environment. Both governments affirmed their dedication to its protection and welcomed the opportunity that the scheduled special consultative meeting commencing in 1990 would provide to enhance that protection. The two sides also discussed developments related to the law of the sea. The Australian Government explained its view that the world-wide maritime interests of the two countries would be best served by the entry into force of a Law of the Sea Convention[10] with United States participation. While expressing support for other provisions of the Convention, the U.S. expressed the view that there were serious problems with the provisions on deep seabed mining and that the U.S. was willing to consult with any government which supported serious reform of those provisions.

On 4 November Mr. Beazley and Mr. Cheney signed an agreement providing greater scope for cooperative efforts in defence logistics support, including provisions for the involvement of Australian and American industry and the transfer of technology for the support of equipment purchased from each other for their defence forces. Both sides agreed that the new arrangements would significantly enhance the individual and collective capacity of their armed forces to further alliance objectives.

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[9] On December 19 President Bush issued to the Congress notification that the launch of three U.S.-built AUSSAT and AsiaSat satellites by China was in the national interest of the United States. For text of the notification and an accompanying White House statement, see *Weekly Compilation of Presidential Documents*, December 25, 1989, p. 1972.

[10] For text of the Law of the Sea Convention, done at Jamaica, December 10, 1982, see *International Legal Materials*, Vol. 21, No. 6 (1982), p. 1245.

C. Burma

291. "The United States Has a Limited Agenda in Burma"

Prepared Statement by the Deputy Assistant Secretary of State for East Asian and Pacific Affairs (Lambertson), March 2, 1989 (Extract)[1]

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In summing up the situation in Burma, we believe there is no question but that the majority of Burmese want a complete overhaul of their country's political and economic system. They took to the streets of Burma's cities and towns in unprecedented numbers last summer to demonstrate on behalf of a return to multiparty democracy. For a brief moment, it looked like they would succeed in forcing the one-party dictatorship to give them what they wanted. The military's bloody intervention in September was a severe setback to their hopes and the hopes of those around the world who sympathized with their aspirations. In the period since, the military regime has sought retribution against many of those most active in the protest movement and committed serious human rights violations in the process.

On the positive side of the balance sheet, however, it needs to be noted that regime has insisted from the outset that it did not seek power for power's sake, and that it would organize and hold elections once law and order were restored. It allowed the registration of political parties and some party organizational activity. The election commission established by Maung Maung was permitted to continue its work. The regime has now announced a rough timetable leading up to an election in 1990. We welcome this development, although we would have preferred—as I am sure the Burmese people would prefer—to see the military government fix a firm and earlier date for polling.

The United States has a limited agenda in Burma. We have an important interest in eliminating the production of opium and halting the traffic in illicit drugs, and we look forward to the time—hopefully soon—when it will be possible to resume bilateral antinarcotics cooperation. Beyond that, we want to see a peaceful, stable, and prosperous Burma administered by a government acceptable to its people and posing no threat to its neighbors. Burma is a country of great natural wealth and promise, and we also look forward to the time when we can once again contribute toward the realization of that promise through our bilateral aid program. All that needs the political and economic reform Burmese so obviously desire. Once before in Burmese history, in 1960, a military government peacefully turned over power to civilians and resumed its purely military functions. We hope the current rulers of Burma will respond to the aspirations of their people by following this example.

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292. Arrest of Burma's Principal Opposition Leaders

Daily Press Briefing by the Department of State Acting Spokesman (Boucher), July 20, 1989[2]

We understand that troops have prevented free access to the houses of Aung San Suu Kyi and Tin Oo, leaders of Burma's principal opposition party. We also understand that at least 42 persons were arrested yesterday in the wake of pro-democracy demonstrations in Rangoon.

The U.S. Government is deeply disturbed by this latest in a series of actions taken against Burma's largest political party, which casts serious doubts on the Burmese Government's repeated promises to hold free and fair elections by May of 1990.

The United States calls on the Burmese authorities to allow Aung San Suu Kyi and

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[1] Source: *Foreign Assistance Legislation for Fiscal Years 1990–91: Hearings and Markup Before the Subcommittee on Asian and Pacific Affairs of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 5, pp. 298–299. Stephen J. Solarz, Chairman of the Subcommittee on Asian and Pacific Affairs, presided over the session.

[2] Source: Office of Press Relations, Department of State. The briefing began at 12:39 p.m.

Tin Oo freedom of movement and expression, and to release other political prisoners. We also hope that the Burmese Government will permit the political activity essential for the holding of democratic elections.[3]

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293. "We . . . Strongly Condemn . . . Violations of Human Rights by the Present Regime"

Prepared Statement by the Deputy Assistant Secretary of State for East Asian and Pacific Affairs (Lambertson), September 13, 1989 (Extracts)[4]

In March, when I last spoke before a congressional committee on the situation in Burma,[5] the military government there had just announced its intention to hold multiparty elections by May 1990. Over 200 political parties had been officially registered and were carrying out campaign activities, although martial law remained in effect, and freedom of expression was heavily restricted. Burma's leading opposition leader, Aung San Suu Kyi, was able to travel throughout much of Burma on speaking tours, despite varying degrees of opposition from local military commanders. Her political party, the National League for Democracy (NLD), had emerged as the clear public favorite among the Burmese people who, through massive demonstrations in 1988, demonstrated their deep desire for fundamental change in their country in the direction of multiparty democracy and economic freedom.

The regime has insisted from its outset in September 1988 that it did not seek power for power's sake and that it would organize and hold elections once law and order were restored. The limited political activity the regime had allowed up to March 1989 was a hopeful sign that the government might make good on its promises. However, since March a number of developments have occurred in Burma which we believe call into question the military government's pledge that it will hold free and fair elections and turn over power to a civilian government which results from those elections. In our view, the area of greatest immediate concern is human rights. For the past year, we have consistently called attention to credible reports of human rights violations in Burma. Both through direct approaches to the Burmese Government and public statements, we have expressed our strong concern over the course of events in Burma and our view that the reported violations of human rights undercut the regime's commitment to a free election. We intend to maintain this policy in the hope that it will have some ameliorating effect on the Burmese Government's behavior. There is some evidence that the force of international opinion has had such an impact in the past.

Politically, events since March have not offered reason to be optimistic that free and fair elections will take place in Burma. Most significantly we believe the military government since July 20 has arrested thousands of opposition party members, principally from Aung San Suu Kyi's National League for Democracy. Aung San Suu Kyi herself, together with NLD coleader Tin Oo, were put under house arrest in Rangoon July 20 and are now virtually cut off from the rest of the world. We understand that Suu Kyi was briefly on a hunger strike in July and early August to protest her detention and that of her followers but that she has ended the strike and is now in good health. The NLD, while remaining widely popular among Burmese, is fighting for survival as an organization; almost all of its senior leadership is behind bars. Other opposition parties have seen their leadership ranks thinned by arrests. Recent measures introduced by the regime, ostensibly to register prospective voters, appear designed to engineer an electoral victory by the leading progovernment party.

The Burmese Government—also known as the State Law and Order Restoration

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[3] On July 21, Boucher announced the detentions of opposition leaders in Burma, and commented:

> "The U.S. Government condemns these repressive measures against legitimate political opposition. Once again, we call for the Burmese Government to release Aung San Suu Kyi, Tin Oo, and all other political prisoners." (*Ibid.*)

[4] Source: *The Crackdown in Burma: Suppression of the Democracy Movement and Violations of Human Rights: Hearing and Markup Before the Subcommittees on Human Rights and International Organizations and on Asian and Pacific Affairs of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1990), pp. 34–41. Chairman of the Subcommittee on Asian and Pacific Affairs, Stephen J. Solarz, presided over the session.

[5] See Document 291.

Council (SLORC)—continues to state that it will hold a multiparty election next year and that restrictions on political activity will be relaxed in the months leading up to the election. We continue to hope strongly this will prove true. The elections are intended to elect representatives to the National Assembly, which, before it was dissolved last September, consisted of representatives from 489 constituencies. The government has promulgated an election law, including a timetable leading up to an election which would take place next May. The law is fairly unexceptionable and, if implemented, could permit free and fair elections. However, while most features of the draft are at least benign, the government retains substantial leeway to influence the process. An election commission, established by then-President Maung Maung shortly before the military takeover last September, remains in existence. It is widely viewed as a virtually powerless rubber-stamp for the military government. Both we and other governments have offered to supply election monitors and electoral expertise, but we have seen no indication the Burmese Government will permit neutral or international monitors to observe the election.

The government denies that it is making political arrests or is mistreating detainees. It likewise denies credible reports we have of instances of torture. Instead it claims that those detained are criminal offenders who will be tried as such. In our view, given numerous credible, first-hand reports of the regime targeting opposition political activists, in the absence of verifiable charges, the Burmese Government's version of events simply do not square with the facts. Indeed there seems to be a pattern of attacks against the larger opposition political parties.

Equally disturbing to many observers of Burma are statements by some high-ranking SLORC officials that next year's election will lead not to a direct transfer of power from the military to civilians but, instead, to the formation of a constituent assembly which would draw up a new constitution. Only after the constitution was ratified would a civilian government be formed. While Burmese statements on this score are in some cases contradictory, there is an obvious cause for apprehension that such a constitution process could be prolonged for years, keeping the army in power indefinitely.

The lastest crackdown in Burma no doubt reflects some key concerns of the military government. First and foremost is a determination to avoid repetition of last year's upheavals, which swept away the Burma Socialist Program Party government and paralyzed the economy. A second concern is to maintain the integrity of the armed forces. Since last year's upheavals, which saw the defection of a handful of military personnel, the Saw Maung government has been particularly sensitive to any sign of political parties or foreigners sowing dissent within the ranks of the army and has generally reacted quickly to any such perceived threat. Aung San Suu Kyi's speeches in July, before demonstrations which violated martial law, called on the armed forces to abandon their support for Ne Win and his military colleagues. This may well have convinced the ruling military council that she and the NLD were a serious threat to the army's unity. Further, the large numbers of Burmese attending her rallies in July—up to 15,000 on some days—may have led the military to conclude that a second nationwide uprising was imminent and that a crackdown on Aung San Suu Kyi and the NLD was the only means to prevent another cycle of upheaval.

The government has accused Aung San Suu Kyi of being heavily influenced by Communists who are on her staff. While Aung San Suu Kyi herself has acknowledged that some of her advisers are former members of the Burma Communist Party, she strongly denies that she or her party are a Communist front. Our own assessment supports this view.

We certainly understand the military government's desire to maintain national unity and a functioning economy. But we believe that actions which further undermine confidence in the government's pledge to hold free and fair elections will only intensify the Burmese public's unrest and dissatisfaction with their current system. In our view, last year's upheavals and demonstrations were a direct expression of the Burmese people's strong desire for fundamental democratic change in their country. While the Government of Burma is a matter for the Burmese themselves, we, of course, sympathize with such aspirations. As the State Department spokesman has said on several occasions this year, we hope the military government will free political prisoners and relax restrictions on political activity to give Burmese some confidence that real change might occur following next year's election. We have shared our views directly with the Saw Maung government and offered to assist in next year's election, without any substantive response from the Burmese.

With regard to Ne Win, though technically he is now a private citizen, he undoubtedly remains the most powerful single person in Burma. It is not clear what role he takes in the day-to-day conduct of the government. He is most probably consulted on a regular basis by the SLORC and undoubtedly provides guidance on government policy when he sees fit. Within the SLORC itself, there is some evidence of a rivalry between some council members, but for the most part, SLORC members are careful to maintain an image of unanimity.

A number of other countries have joined with us in calling attention to human rights violations and political development in Burma. These include the European Community (EC) nations, as well as Australia, India, and Japan; the EC 12, in particular, issued a joint statement on September 8 expressing their concern at the worsening of the policy of repression in Burma in recent weeks. Burma has not been isolated by the international community but neither has it been able to pursue normal relations with many countries as a consequence of last year's coup and the repressive nature of the military regime. We intend to pursue the issue of human rights in Burma through appropriate international fora.

Many of Burma's traditional aid donors have suspended assistance or postponed approving new aid until free and fair elections take place. The United States suspended all assistance to Burma in the wake of the military takeover last September; earlier this year, we suspended Burma's generalized system of preferences (GSP) tariff benefits due to the demonstrated absence of free trade unions there. West Germany, which in recent years was Burma's second-largest aid donor, also suspended aid last fall. We understand it has no plans to resume aid funding absent a fair election. Japan, Burma's largest donor for many years, has also decided not to approve any new aid to Burma until the elections occur. Japan, which had suspended disbursing previously approved aid after the military takeover, resumed these disbursements last February, before the most recent crackdown.

In closing, let me say that the United States has no intention whatsoever of interfering in the internal affairs of Burma. We look forward to a renewal of the good relations which we formerly had with Burma. In particular, we have an important interest in working with Burma to eliminate the production of opium and the illicit traffic in heroin produced in Burma. We do, however, understand the yearning of the Burmese people for democracy, and we encourage peaceful democratic evolution. We, therefore, must strongly condemn unreasonable restrictions on political activity, political arrests, the mistreatment of prisoners, and other violations of human rights by the present regime. We urge that regime to hold the free and fair elections as promised and transfer power to those elected.

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294. U.S. Response to Crackdown on Dissent in Burma

Daily Press Briefing by the Department of State Spokesman (Tutwiler), September 13, 1989 (Extract)[6]

. . . .

Q. Margaret, what's the basis for two senior administration officials testifying on Burma today?[7] Has there been any sort of new interest generated or any basis for that?

A. I have a general statement for you on Burma. I don't know why two people are up testifying on it, but we do have some new information that I will share with you.

Although unconfirmed accounts of torture of political prisoners have been widely circulated for weeks, we now have credible, first-hand reports that instances of torture, beatings, and mistreatment are commonplace and that deaths have resulted.

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[6] Source: Office of Press Relations, Department of State. The briefing began at 12:45 p.m.

[7] See *supra*. Assistant Secretary of State for Human Rights and Humanitarian Affairs Richard Schifter also testified September 13 before the Subcommittees on Human Rights and International Organizations and Asian and Pacific Affairs of the Committees on Foreign Affairs, House of Representatives, about human rights in Burma.

These reports relayed accounts of cigarette burns, beatings, and of the use of electrical shocks. In some cases, prisoners are crowded into small cells in knee-deep water. Others are forced to stand in water for long periods of time during an interrogation.

Beginning July 20th, much of the leadership of the two most popular opposition parties—the National League for Democracy and the Democratic Party for a New Society—have been arrested. This wave of arrests of opposition political party members continues.

Q. Is the State Department going to support the congressional resolution circulating?

A. I'm unaware of a congressional resolution circulating, but as you know, the State Department has spoken out many times to call attention to the human rights violations in Burma and to urge the Saw Maung government to follow through on its commitment to hold free and fair elections next May.

With regard to the current crackdown, we have issued a public statement and also approached the Burmese Government directly to express our concern.

And I would assume that the two gentlemen you mentioned, who are up on the Hill, are up testifying on this and that we now can confirm these specifics.

. . . .

295. Rejection of Charges of Intervention in Burmese Internal Affairs

Daily Press Briefing by the Department of State Acting Spokesman (Boucher), November 1, 1989 (Extract)[8]

In recent days the official Burmese press has accused our Ambassador, Burton Levin, of interfering in Burma's internal affairs, citing as evidence his comments on human rights issues.

The U.S. Government rejects this baseless charge against Ambassador Levin. Furthermore, let me point out that his activities and statements, and those of his Embassy colleagues, are governed by instructions from Washington.

Q. Could you summarize from here what their human rights record is, even if in an adjective?

A. Let me use more than one adjective, if I can. We have made, I think, various statements in recent months from this podium about specific events. We continue to be deeply concerned by the house arrest of the co-leaders of Burma's principal opposition party, the National League for Democracy, as well as the mass arrests this summer of large numbers of political opponents of the military government. We hope the Burmese Government will release all political prisoners and will allow them to take part in the national elections planned for next May. In our view, elections which exclude participation of those who represent Burmese aspirations for democratic change—that is, the aspirations which the Burmese people clearly desire—cannot be regarded as free and fair.

Q. Is it any particular thing that the Ambassador said that sparked this response, or was it just saying these general sentiments?

A. I'm afraid I haven't read the Burmese newspapers, so I don't know in more detail.

Q. Could I have a copy of that?

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[8] Source: Office of Press Relations, Department of State. The briefing began at 12:45 p.m.

A. Yes, you can. I think it's been a series of reports in recent days in the press.

Q. Have they asked him to go home, and will he stay, or what?

A. Our intention is that he stay there. I haven't heard otherwise.

Q. But the other part of the question is: Has the Burmese Government asked the United States to recall him?

A. I'm not aware of any such request.

Q. Is he being called back on consultation or anything like that?

A. None that I'm aware of. Actually, I think he's at the Chiefs of Mission Conference right now in Honolulu, but that's a separate matter unrelated to any political or other sorts of events in Burma.

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296. International Confidence in Burma Undermined

Daily Press Briefing by the Department of State Acting Spokesman (Boucher), December 22, 1989 (Extract)[9]

. . . .

Q. Richard, on Burma, do you have any comment on the sentencing of one of the opposition leaders and the threats made to try another one of them?

A. For those who aren't familiar with all this, I'll go through the background and make some statements at the end.

We have seen an official Burmese Government statement announcing that Tin Oo, the cochairman of the Opposition National League for Democracy has been sentenced to 3 years imprisonment at hard labor. He was found guilty in a secret trial of abetting military protesters during last year's nationwide prodemocracy demonstration, contacting and sending false reports to foreign organizations and leaders, and inciting the people to misunderstand the government and create public disturbances.

According to the Burmese election law, persons convicted of a crime are disqualified from participating as candidates in the elections next May. The Burmese Government has chosen to disqualify one of the country's principal opposition leaders by convicting him of obviously politically motivated charges.

In our judgment, the Burmese Government's announcement seriously undermines international confidence that next May's elections can be free and fair. We are also concerned that today's announcement may foreshadow further steps against leading political opponents, including Aung San Suu Kyi, cochairman of the National League for Democracy.

We urge the Burmese Government to refrain from measures which would further undermine confidence in the legitimacy of next year's election.

Q. Thank you.

D. Cambodia

297. "Unalterably Opposed to a Return to Power of the Khmer Rouge"

Statement by the Under Secretary of State for Political Affairs (Kimmitt) June 12, 1989[1]

Mr. Chairman, I appreciate the opportunity to appear before your subcommittee to discuss our efforts to contribute toward a negotiated settlement in Cambodia.

The Basic U.S. Policy

U.S. policy toward Cambodia is to pursue an active diplomacy designed to achieve a comprehensive negotiated settlement with three objectives: (a) verified withdrawal of Vietnamese troops; (b) prevention of a Khmer Rouge return to power; and (c) self-determination for the Cambodian people.

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[9] Source: Office of Press Relations, Department of State. The briefing began at 1:08 p.m.

[1] Source: Department of State files. Kimmitt made this statement before the Subcommittee on Asia and the Pacific of the Senate Foreign Relations Committee.

We believe that such a settlement agreement represents the best means of controlling the Khmer Rouge in the context of a Vietnamese withdrawal. We remain unalterably opposed to a return to power of the Khmer Rouge, who left a legacy of brutality and depravity from their rule during the 1970's. A durable settlement to this conflict must contain a series of effective measures, supported by the major outside powers, to ensure to the best of our ability that the Khmer Rouge can never regain control and subject the Cambodian people once again to the horrors of the past. Failure to reach a negotiated settlement leaves as the likely alternative a civil war in Cambodia—one which the Khmer Rouge may currently be in the best position to win.

A political solution in Cambodia would help achieve our broader objectives in Southeast Asia as well. Our overarching goal is to enhance the political stability and economic prosperity of the region. A stable and durable settlement in Cambodia will serve that goal by ending a potential threat to Thailand and removing a source of regional tension, and by facilitating the integration of the countries of Indochina into the region, in the process reducing their dependence on the Soviet Union. Such a settlement will reflect a reduction of East-West tension, and further improve the climate of East-West relations. Continued strong economic links with the United States and the maintenance of a stabilizing U.S. military presence will be welcomed in the region and will contribute to a positive climate for U.S. interests.

The U.S. Diplomatic Offensive

We have concluded a broad policy review of our diplomatic efforts to promote a peaceful resolution of the Cambodian conflict. A key decision of this review is for the United States to undertake increased activities in support of a negotiating process directed toward the achievement of a comprehensive and lasting political solution. This enhanced effort will involve intensified contacts with key governments, including the members of ASEAN, the Soviet Union, China, Japan, France, and Great Britain. Our contacts will be specifically designed to help bridge differences on the major unresolved issues—in particular, interim power sharing and the nature of an international control mechanism. A role for the United Nations is vital in connection with peacekeeping, and we want to assure that its experience and capabilities are fully utilized in a Cambodian settlement and in the postsettlement period.

Among important diplomatic discussions we have recently conducted on Cambodia were discussions with the French during President Mitterrand's visit to Kennebunkport May 20–21,[2] which followed discussions I had with Japanese Vice Foreign Minister Kuriyama in mid-May. We have a delegation in Geneva this week representing the United States at the International Conference on Indochinese Refugees,[3] during which time a number of bilateral discussions will be held with representatives of states concerned with the Cambodia problem. Next week will see regional talks with the Soviets on Asia here in Washington. Secretary Baker will meet with ASEAN leaders in Brunei in early July,[4] and later that month, principal Cambodian leaders will hold discussions in Paris. Finally, the French have announced the convening of an International Conference on Cambodia to be held in Paris in early August.[5] We expect to be present and to play an important role in working toward a comprehensive settlement. But it will be important that adequate preparatory steps be taken, and this is our immediate objective.

Strengthening the Non-Communists

Our review affirmed that our broader, essentially diplomatic strategy to contribute to a successful outcome in Cambodia is enhanced by the continuation of our longstanding support for the Non-Communist Resistance—helping to strengthen it so that the non-Communist factions can play a significant *political* role in a settlement that serves the best interests of the Cambodian people—and prevents a Khmer Rouge return to power. The Communist factions are heavily supported by the Soviet Union and China; the non-Communists deserve the continued support of the West.

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[2] See Documents 157 and 158.

[3] See Document 287.

[4] See Document 288.

[5] See *infra* and Document 299.

To achieve a durable solution, we believe the leadership of Prince Sihanouk is crucial, as leader of an interim government preceding elections and as the focus for national unity. By stepping up our support for the NCR at this crucial stage, we bolster his bargaining position in the talks planned for next month, thereby enhancing prospects for a negotiated solution that will be sustainable and that will offer real hope of controlling the Khmer Rouge and eventually eliminating them as a threat.

I would note that we are not alone in supporting the NCR; the non-Communists have been receiving assistance in a variety of forms from a number of countries. We have no evidence that the aid we or others have given the NCR in the past has been diverted to the Khmer Rouge, a group with which the non-Communists have relatively few dealings and even less trust. We have received assurances from the non-Communist leaders that no aid provided by the United States will be permitted to find its way to the Khmer Rouge.

We are seeking to internationalize the search for a political solution in Cambodia, and we believe that providing assistance to the NCR strengthens the credibility of our efforts in the search for a Cambodian settlement acceptable to the international communiuty. Our support demonstrates to the other involved powers that we are serious in insisting that the non-Communists have a significant role in postwithdrawal Cambodia—and that the Khmer Rouge does not return to power.

Supporting the non-Communists makes the non-Communist standard an increasingly viable alternative around which to rally those who favor neither Communist alternative—the Khmer Rouge or the People's Republic of Kampuchea. At the same time, we will continue to make clear that our ability to support the non-Communist factions before a settlement and any future coalition—both in the interim preceding elections and after internationally-supervised elections—will depend on the extent to which the non-Communists are seen as distancing themselves from the Khmer Rouge and the extent of Khmer Rouge involvement in such a coalition.

In summary, we are as concerned as the Congress about achieving an acceptable settlement in Cambodia, and particularly about the Khmer Rouge threat. Our diplomatic efforts are designed to promote a comprehensive negotiated settlement that incorporates effective barriers against the Khmer Rouge and gives the Cambodian people the opportunity to determine their country's leadership and direction.

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298. "There Is an Alternative to the Teeth of the Khmer Rouge"

Address by Secretary of State Baker Before the International Conference on Cambodia, Paris, July 30, 1989 (Extract)[6]

. . . .

We are meeting here, today, because a decade and a half of violence and Vietnamese aggression have taken a terrible toll on the people of Cambodia. The twin tragedies of Khmer Rouge annihilation and Vietnamese occupation have left more than 1 million Cambodians dead. To the lives lost must be added the wounds inflicted on the society and the culture of Khmer people and the instability that has continued to plague the region. The weight of the terror visited on the Cambodian people is too great for us to measure and too heavy for any people to bear.

The occupation should end. The violence should end. The suffering should end. We know the path to Cambodian internal reconciliation is likely to be long and arduous. But, today, we take the first steps. While moving forward, we must be mindful of the potential pitfalls that lie ahead.

Now Cambodia and, indeed, the entire international community, face a tragic dilemma. Perhaps the folklore of Cambodia tells the dilemma best when it speaks of the day when the Khmer people will be forced to choose between being eaten by a tiger or devoured by a crocodile. This conference has been convened in the belief that Cambodia can avoid the tragedy of such a choice. There is an alternative to the teeth of the Khmer Rouge or the jaws of foreign military domination. And that alternative can be found in a comprehensive settlement that gives the people of Cambodia both security and the chance to choose their own government, a settlement bound together by external and internal agreements.

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[6] Source: Department of State *Bulletin*, October 1989, pp. 25–26. Secretary Baker addressed the opening session. He was in Paris July 28–31 to attend the International Conference on Cambodia held July 30–August 30.

Working toward that settlement is the purpose of this conference. We must find the political path that can lead Cambodia away from its war-torn past toward a constructive future. We can clear the way through international action and national reconciliation, both linked carefully together. And while this path will be difficult, I believe that a comprehensive settlement offers the best route to a better future.

Let me speak first to the international environment. Over the past several years, we have seen a dramatic easing of global tensions. There is a growing disposition to resolve regional conflicts through negotiation. And there is a growing appreciation that a lasting resolution of conflict depends on the expression of the people's will.

Our meeting, today, draws inspiration from this new direction in world affairs. But the signs of international conciliation need another signal, this time provided not by the international community but by the Cambodian people or, to be more precise, their leaders. It is clear to the United States, and it should be clear to all of us here, that any actions we might take to help Cambodia must be based on the will of the Cambodian parties themselves to move forward. A lasting peace will require self-determination by the people of Cambodia. International conciliation cannot become a substitute for national reconciliation.

That is why we believe a settlement that has any prospect of success must be comprehensive in its nature. Anything less would be a prescription for continued war. Today's war against foreign occupation would become tomorrow's civil war splintering further an already fragile land.

A comprehensive solution has been the steadfast position of the United States, ASEAN, and our allies and friends throughout the decade-long search for peace in Cambodia. Our collective resolve in support of this position has helped pave the way for this meeting, especially our unrelenting opposition to Vietnamese aggression and occupation.

Healing the wounds and divisions of Cambodia is a task that demands the highest quality of leadership. Cambodia has such a leader. Prince Sihanouk personifies the Khmer nation and its quest for unity and national reconciliation. That is why the process of national reconciliation through the formation of an interim coalition government must be under Prince Sihanouk's leadership. It must reflect real power sharing, and it must provide executive authority to the Prince and the non-Communist resistance.

The United States strongly believes that the Khmer Rouge should play no role in Cambodia's future. We are prepared, however, to support Prince Sihanouk should he deem it necessary to accept the inclusion of all Khmer factions in an interim coalition or an interim authority. The strength of our support for any Cambodiam Government, however, will directly and inversely depend on the extent of Khmer Rouge participation, if any, in that government. There must be safeguards that Pol Pot and other Khmer Rouge leaders responsible for mass murders will never dominate Cambodia again.

We also cannot accept a continuation of the present regime in Phnom Penh, which was established through Vietnamese aggression. We recognize, however, that elements of that regime are likely to be included in any transitional coalition.

I urge that all members of the conference work to foster the necessary acts of reconciliation under Prince Sihanouk's leadership.

An effective international control mechanism under the auspices of the United Nations can play a crucial role in the peace process. It can facilitate a peaceful transfer from Vietnamese occupation to free elections, linking both external and internal aspects of a comprehensive settlement. Such a mechanism would serve three essential purposes.

First, it would assure international verification of a total withdrawal of all Vietnamese troops and advisers.

Second, the mechanism would improve the prospects of stability during the transition period, through peacekeeping activities such as monitoring a cease-fire and checking the disposition of the forces of the various Cambodian factions. It would also oversee the cessation of foreign military assistance to the four factions.

Third, the international control mechanism would have a vital role to play in the process of political transition. It would monitor a national census and supervise the repatriation of refugees. Most importantly, it would supervise, monitor, and verify free and fair elections. The United States stands ready to recognize the victor in such elections, regardless of the outcome. Ultimately, those elections are the key to an independent, neutral, and peaceful Cambodia.

We believe that only the United Nations has the experience, resources, and credibility to shoulder the massive responsibility of such a complex set of undertakings.

I must also emphasize once more that there is an integral link between the internal and external aspects of the settlement process. Without internal reconciliation, we would lack the basis upon which to establish the international control mechanism that I have described. Indeed, that mechanism could not function without a recognized interim government.

To facilitate this critical process of national reconciliation, it is essential that Vietnam play a responsible role today and in the future. It must live up to its pledge to withdraw no later than September 30 and must not return again. But after more than a decade of occupation, Hanoi's political and moral obligations will not be met simply by withdrawing its forces from Cambodia and leaving behind either chaos or a regime imposed by force.

I think there is little disagreement among us that our collective responsibilities to regional security—and to the Cambodian people—do not end with a Vietnamese withdrawal. That withdrawal came about because we were faithful to our principles. we opposed the Vietnamese aggression, and we refused to accept it as permanent. Now that the Vietnamese occupation is ending at last, we must work together to help establish an independent, neutral, and stable Cambodia.

What we do here in this conference—or what we fail to do—will go far to determine whether such a just and durable peace emerges in Cambodia or whether Cambodia's future will resemble the tragedy of its recent past.

The purpose of this conference is not to prolong that tragedy but rather to find the path to a very different future. We will find that path, I believe, through a comprehensive settlement. And while the recent past holds little hope, we have arrived at a point where the imperatives of international conciliation intersect with the necessity for national reconciliation.

Let me sum up our position. The United States is committed to a fair and just political process. We support a comprehensive settlement including not only a total and verified Vietnamese withdrawal but also an internal accord and an international control mechanism. We will respect the results of properly prepared and monitored free and fair elections.

All of the nations' participation in this conference can hasten the day when the killing fields of Cambodia can become the fertile fields of a peaceful and prosperous people. The monuments at Angkor Wat are a tribute to the Khmer spirit of long ago. Now is the time to raise a new monument to that spirit. We must lay the foundations for a new and lasting tranquillity in Cambodia and throughout Southeast Asia.

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299. Initial Results of the Conference on Cambodia

Department of State Press Briefing, Paris, July 31, 1989 (Extracts)[7]

A. First, let me say I think we made some progress on Cambodia but there's still a lot of work to be done. And I said before we left that this would be a significant challenge but that the suffering of the Cambodian people required that we at least try.

Let me outline what I mean when I say I think we made some progress.

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[7] Source: Department of State files. This briefing was conducted on background by a senior administration official.

First of all, there was a clear recognition on the part of every country there that Vietnam has to get out and stay out. The statements were all couched in terms of not just getting out but staying out as a long-term objective. I think the conference significantly buttressed the position of Sihanouk, when you consider that everyone there basically subscribed to the idea of a national reconciliation under an interim government headed by Sihanouk and that the current Prime Minister, if that's his proper title, of Cambodia was only one of four at the table.

I think we were successful in being able to keep the focus on a comprehensive settlement and frankly, that's what delayed me for whatever length of time it was following my meeting with the Chinese Foreign Minister, We had to get together to make sure we got some language into the document that would require that the coordinating committee deal not just with the external aspects of this problem, but with the internal aspects as well.

We're going to have an ad hoc committee to deal with the internal aspects. That committee will be chaired by the two chairs of the conference and will involve the four factions. When we arrived, there were no plans at all for any committee, ad hoc or otherwise, to deal with the internal questions. And the one thing that the United States and some other countries there including Canada, the ASEANS, and the Chinese are anxious to avoid, is a partial settlement. That is, one that only deals with the external factors and doesn't solve the internal problem.

We got agreement as well with the Japanese and some other countries respecting aid and assistance to Vietnam and Cambodia, the idea that that would be withheld unless we were able to achieve a comprehensive settlement. And then, the last item I'd cite to you was the fact that we were able to get agreement from almost everybody that the United Nations should be the international control mechanism. The Soviets agreed to that during the course of my meeting with Shevardnadze.

Q. Do you think that you and the Chinese can put together some sort of consensus of understanding on enhanced assistance, outside military assistance?

A. That matter was not specifically discussed. There were generic discussions during the course of the conference about cessation of all outside military assistance in the event there was an overall comprehensive settlement. But we never discussed specifically with the Chinese the matter that you've raised.

Q. Did you have an opportunity, not to have a formal meeting, but to chat with Nguyen Co Thach of Vietnam or some of those other groups—the Cambodians that you hadn't met?

A. I had no contact whatsoever with the Khmer Rouge representative, social or otherwise, I had no contact with Hun Sen, social or otherwise. I was seated at the same table one night for dinner with the Vietnamese Foreign Minister but I had no substantive discussions or meetings with him.

Q. I'll try to ask my question diplomatically. We've seen Sihanouk perform out on the sidewalk. You've met with him. What do you see as his strengths? How do you see him as being the person who can, in this extraordinary situation, make a transition to a democratic government?

A. I think his strength is that he believes in democracy and has expressed that view from exile for many, many years, but probably his primary strength is his strength with the Cambodian people. He is, as I indicated earlier, he was acknowledged to be the individual best situated to head an interim transitional government during the period leading to elections.

Q. Are you convinced that the Vietnamese-installed government is a puppet government or do you get some feeling that maybe it has evolved to the point where it has support among the Cambodian people?

A. I'm not sure that we're best equipped to judge that, but I think that it's clearly the feeling of the other three factions that it is a puppet government and it is the feeling of many of the countries there who are better equipped to judge that perhaps than we that it is a puppet government. And I'm speaking there about ASEAN countries.

. . . .

Document 299

A. We did spend a fair amount of time in that meeting on Cambodia.[8] When I said outside the building that there was substantial degree of convergence of our views and Chinese views on this problem, there is. There's one significant difference and that is the way in which we view the Khmer Rouge and the way in which they view the Khmer Rouge.

There is a significant difference, but that is the only difference and there is agreement on the U.N. and there is agreement on all aspects of the external part of it. That is the withdrawal and the staying out of Vietnam. There is agreement with respect to respecting whatever comes from free and fair elections following a transitional government. There is agreement that the Khmer Rouge do not have to be the dominant force. The Chinese are not saying that. We simply take the position that we would prefer to have a transitional government with no Khmer Rouge representation, although I said in my speech we will follow Sihanouk, but the extent and scope of Khmer Rouge participation will directly and inversely affect how responsive we are in terms of political relations and aid and assistance.

Q. Controlling the Khmer Rouge is one of the fundamental problems you all face. Did you ask the Chinese to go one step further and cut off aid now to the K.R.? Did you ask Sihanouk this weekend if he would change his position on the K.R. and try to actually exclude them?

A. We discussed with Sihanouk the matter of K.R. participation in a transitional government. We have made our views known. He is aware of them anyway. He made his views known to us, which basically are, "I'd rather have them in a nondominant position inside the tent than I would out in the jungle making war." Now we did not discuss, as I indicated to Jim, we did not discuss with countries the specific sensitive questions of military assistance.

Q. How do you keep them from being dominant when they are such a strong military force?

A. Well, there is a feeling on the part of all of the countries here that they should not be the dominant force. There is no country that is arguing that the Khmer Rouge should be the dominant force in a transitional government—none.

Q. (Inaudible) is one thing, and actually curtailing military operation is another.

A. Well, the Chinese agreed with that position in the context of a comprehensive settlement. They will work to accomplish that. That is, that the dominant force not be the Khmer Rouge, but be the government headed by Sihanouk. The Chinese, after all, you have to remember, are very close to Sihanouk and very supportive of Sihanouk.

Q. Standing just about where you were on Friday evening, you gave us your prescription for Cambodia.[9] One point was an immediate cease-fire—the first time we had heard that from an American official. Yet, in your speech[10] there wasn't any immediate cease-fire anymore.

A. Let me explain it to you. I gave you standing right here the five elements of a comprehensive settlement. One which is—an immediate cease-fire. I didn't call for that in isolation as a series of steps. I said as a part of a compehensive settlement. Once you get an agreement on a settlement, then there should be an immediate cease-fire. I'm not saying we should go out here today with no agreement and try to agreement [*sic*] and try to implement, standing alone, a cease-fire. I really think you misunderstood what I said.

Q. Why didn't you mention it in your speech?

A. I mentioned the cease-fire in my speech. I didn't mention immediate cease-fire, because I didn't want people to draw the erroneous conclusion that you evidently drew from what I said here on Friday. The point is we want a cease-fire as a part of a comprehensive settlement and when that settlement is reached, we want it to be an immediate cease-fire.

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[8] Reference is to Secretary Baker's meeting with Chinese Foreign Minister Qian Qichen, July 31, at Paris; see Document 318.

[9] Reference is to a briefing by Secretary Baker, July 28. (Department of State files)

[10] See *supra*.

300. U.S. Reaction to Prince Sihanouk's Resignation

Daily Press Briefing by the Department of State Acting Spokesman (Boucher), August 28, 1989 (Extract)[1]

. . . .

Q. Richard, what about the resignation of Prince Sihanouk from the Cambodia talks in Paris?[12]

A. I don't have an analysis of the significance of Prince Sihanouk's resignation. As you know, we've supported and continue to support a pre-eminent leadership role for the Prince in any Cambodian settlement.

The outlook for the conference achieving a comprehensive settlement at this point is not good. There has been little progress in resolving the central issue in a viable settlement to the Cambodian conflict. That is, the establishment of a transition Cambodian coalition government led by Prince Sihanouk which would guide the country to genuine democratic elections.

Prince Sihanouk has exhibited flexibility in attempting to resolve this key power-sharing problem. We continue to urge Hanoi and Phnom Penh regime to negotiate constructively and to reciprocate Prince Sihanouk's flexible attitude on power-sharing. Such flexibility on the part of Hanoi and Phnom Penh is essential to bring peace and stability to war-torn Cambodia.

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[1] Source: Office of Press Relations, Department of State. The briefing began 12:29 p.m.

[12] Prince Sihanouk resigned as head of the National United Front for an Independent, Peaceful, and Cooperative Cambodia. He retained his positions as President of Democratic Kampuchea and President of the Coalition Government of Democratic Kampuchea.

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301. Assessment of the Conference on Cambodia

Daily Press Briefing by the Department of State Spokesman (Tutwiler), August 30, 1989 (Extract)[13]

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Q. Why, in the U.S. view, is the conference on Cambodia in Paris apparently falling apart?

A. I don't know who has characterized it as that. But I could tell you—as far as our comment on the conference—that the Paris Conference did not produce the results we had sought which were, as you know, a comprehensive settlement. But progress was made toward the important goal of a free and independent Cambodia.

We recognize that the Cambodian conference faced a difficult task from the start. Progress was made, but, unfortunately, not enough for a comprehensive agreement.

In Cambodia, however, any progress is welcome and we should build upon it. There is still much to be discussed among the Khmer parties involved in the conference and therefore we hope that the parties will continue to focus their attention on dialog rather than on the battlefield.

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[13] Source: Office of Press Relations, Department of State. The briefing began at 12:44 p.m.

302. "Cambodia and Vietnam . . . Trapped in Their Own Sad Eddy of History"

Address by the Assistant Secretary of State for East Asian and Pacific Affairs (Solomon) Before an International Symposium on the Future of U.S.-Indochinese Relations, Los Angeles, September 8, 1989 (Extract)[14]

. . . .

Where do we go from here? Our commitment is to a negotiating process and a political resolution of Cambodia's future. Yet it is clear, in the wake of Paris and as the Vietnamese prepare to withdraw, that Cambodia faces the prospect of continuing conflict. The four factions seem prepared to test their relative strengths in an internal political/military struggle before again engaging in an international negotiation. And Vietnam has expressed, as recently as August 24, its willingness to reintervene in the conflict if Hun Sen requests Hanoi's assistance.

What should U.S. policy be? Three propositions underlie the administration's approach to this continuing tragedy:

First, Cambodia is a challenge to the conscience and concern of the entire international community. The Khmer people deserve their opportunity for national sovereignty, self-determination, political reconciliation, and development—and we want to ensure that there are no more Cambodian killing fields. The United States will play an active role in pursuit of these objectives, but it must be recognized that we have neither the political position nor the resources to do the job on our own.

Second, our primary security obligation in this region is to Thailand, to which we are legally bound by the Manila Pact of 1954. As well, we have a major interest in the continuing integrity and vitality of ASEAN.

Third, we have a strategic objective in seeing Indochina freed of the rivalries of the great powers—an objective most likely realized if Cambodia and Vietnam are at peace within themselves and with their neighbors.

Given these propositions, the administration will pursue three levels of activity in the months ahead, all designed to build on the diplomatic momentum of Paris.

—We will sustain active contacts with the five permanent members of the UN Security Council. France, China, and the Soviet Union are the major powers with the most direct influence and interests in Cambodia and Vietnam. The Soviet Union, as the primary supporter of Vietnam and Hun Sen, must restrict its increasing flow of arms into Cambodia and bring Hanoi to see that its own interests will not be served by another cycle of warfare in Indochina—which certainly will be the case if it seeks full power for Hun Sen in the absence of a process of political reconciliation. In return Hanoi and Hun Sen—and the international community—have a right to expect China to equally restrict the supply of arms to the Khmer Rouge. Indeed Beijing has an obligation to take active measures that will prevent the Khmer Rouge from again imposing a murderous rule on the Cambodian people. France, for its part, is due credit for taking the diplomatic risks associated with trying to help the Khmer factions bridge their differences. And we should remember that the Paris conference was only suspended, not adjourned—which is one way of saying that France and conference cochairman Indonesia have continuing credibility as diplomatic deal makers.

—At a second level, the United States will continue to work closely with the ASEAN countries in support of their political approach to the Cambodian conflict. Their security interests are most directly affected by the search for peace in Indochina; we will support their efforts—most immediately at the upcoming session of the UN General Assembly.[15]

—Finally, we will sustain our support for the non-Communist resistance and Prince Sihanouk as the political center of a process of national reconciliation.

Some now argue that the threat of a Khmer Rouge resurgence is such that the

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[14] Source: Department of State *Bulletin*, November 1989, pp. 50–51.

[15] For text of the resolution passed November 16, see U.N. General Assembly Resolution 44/22.

United States must rely on Hun Sen rather than press for a comprehensive political settlement. This approach is seriously flawed on several counts.

First, a regime imposed and sustained by foreign force of arms lacks legitimacy. There is a fundamental principle here, which we would violate at the risk of the integrity of the international system and to our peril in many other parts of the world. Second, there is at present little basis for assuming that Hun Sen's unproven forces, absent their Vietnamese protectors, can eliminate the Khmer Rouge, a goal that eluded Hanoi's vaunted army for the past decade. And lastly, in the absence of a political settlement supported by Prince Sihanouk, such a move would pit the United States against Khmer nationalism—a policy hardly acceptable to the American people.

As democrats (with a small "d"), our commitment must be to a political process that permits national self-determination for the Cambodian people. We see press reports of Hun Sen's popularity—of reformist policies promoted by Phnom Penh that are restoring Buddhism, allowing private property and free market activity. If the Phnom Penh regime is as popular as its public relations campaign portrays it to be, it can only benefit by taking its case to the people in free and fair elections supervised by the United Nations.

The United States remains prepared to accept the results of such a credible test of Cambodian public opinion and to work with the international community in supporting a process of political reconciliation in Cambodia that contains safeguards against a Khmer Rouge return to dominance.

Thus the issue comes back to whether the Cambodian factions, encouraged by their foreign supporters, can join together in a political process of national reconciliation. The United States will use its influence to move events in this direction. China and the Soviet Union must do the same. Moscow, in particular, must accept and act on the reality that without some willingness by Vietnam and Hun Sen to compromise on power-sharing, there can be no negotiated settlement, no respite from armed conflict.

The immediate lesson of the Paris conference is that the divisions and distrust among the Khmer factions seem too great to be bridged by the compromises and constraints of coalition politics. Our continuing challenge is to provide the Cambodians an alternative to a test of strength on the battlefield. For without political reconciliation, Cambodia and Vietnam will remain outside the mainstream of development elsewhere in Southeast Asia, trapped in their own sad eddy of history.

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303. "The Major Players Need . . . To Use Their Influence"

Daily Press Briefing by the Department of State Spokeman (Tutwiler), October 16, 1989 (Extracts)[16]

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Q. Do you have anything on the story about a policy shift concerning the Khmer Rouge?

A. Yes. The Secretary thinks the Paris Conference was not successful because there was no internal solution. The four Cambodian factions were unable to agree on an interim power-sharing arrangement. He's concerned now about the prospect of an extended civil war with continued suffering for the Cambodian people.

He would prefer, as he has stated over and over, to see a government without any representation by the Khmer Rouge. However, he thinks every effort should be made to avoid a bloody civil war and thus agrees that a quadripartite government with a minimal role for the Khmer Rouge, as suggested by the six ASEAN nations and Prince Sihanouk, would be preferable to the alternative of continued civil war and a possible Khmer Rouge victory on the battlefield.

We have made clear that our ability to support any Cambodian Government is directly and inversely related to the degree of Khmer Rouge participation, if any, in it. To achieve any lasting result that would avoid bloodshed, the major players need to agree on an interim government and to use their influence with the factions that they have influence with to accept that interim government.

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[16] Source: Office of Press Relations, Department of State. The briefing began at 12:32 p.m.

. . . .

Q. Isn't that one of the reasons why Baker and why those four countries went to Paris, to do what you are now suggesting they do—use their influence to get an internal settlement?

A. Yes. One of the things they did. They wanted to go with a comprehensive settlement, as I remember it. They worked out the external. They didn't work out the internal.

Q. Now you're suggesting that the Secretary hasn't abandoned the idea of an internal settlement but is, I guess, putting more weight on the idea of an external settlement or something? I'm just trying to parse out what's different here. I'm not hearing it.

A. I understand. What I cannot do here on the record for you is flesh this out for you.

Q. Ms. Tutwiler, how new is this conversion on the part of Mr. Baker that a minimum role for the Khmer Rouge could be a preferable alternative? How new is this idea?

A. That is not a new idea. That's what he's been stating since we were in Brunei, as I remember.[17]

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304. U.N. Oversight of a Cambodian Transitional Government

Address by the Director of the Office of Vietnam, Laos, and Cambodian Affairs, Department of State (Twining), Before the Citizens Forum on Cambodia, December 9, 1989 (Extract)[18]

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While it may appear that the differing positions among the Cambodian groups on such crucial issues as power-sharing before elections have created an unbridgeable situation, I would like to point out that a number of creative options have been offered that may help to narrow these differences.

One interesting, alternative new approach was originally suggested by Mr. Solarz, a distinguished member of our Congress from New York. The Australian Foreign Minister, Gareth Evans, made a similar proposal last month. This could involve having the United Nations assume some form of oversight for certain governmental reponsibilities in Cambodia during the period of transition to an elected government. Of course, all of the Cambodian parties would have to agree to this approach. The hope is that the involvement of the UN would help "neutralize" the existing structure of government in Cambodia during this interim period. This would make more certain free and fair elections—allowing the Cambodian people genuine self-determination, which is the primary objective of our diplomacy. Even with some form of UN administrative oversight, stability in Cambodia would require an International Control Mechanism and Peacekeeping Force, also under UN auspices. We envision the ICM and IPKF being responsible for supervising a cease-fire, the cessation of external military assistance to the Cambodian parties, the disposition of the forces of the various factions, as well as verification of the Vietnamese withdrawal.

The UN would also oversee the holding of an election under ICM and IPKF supervison to assure that it is carried out in a free and fair manner. This election, in which all factions would be considered parties and would be free to campaign, would result in choosing members of a Constituent Assembly to write a new constitution.

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[17] During a July 7 press conference at the ASEAN Postministerial Conference at Bandar Seri Begawan, Brunei, Secretary Baker stated that "it is not essential" that the Khmer Rouge be excluded from an interim government, but "of course, we definitely do not want to see them in a position of dominance in a government." (Department of State files)

[18] Source: Department of State files. The forum was sponsored by the Freedom for Cambodia Task Force.

UN involvement, although containing formidable political, legal, and financial problems, may be able to help overcome the power-sharing hurdle. We are giving further careful thought and study to UN possibilities as well as other approaches which can help give the diplomatic process increased momentum.

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E. China

305. "We Value the New Relationship"

Statement by President Bush, Beijing, February 25, 1989 (Extract)[1]

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When I first arrived in Beijing in 1974,[2] it was a period when our two countries were just beginning to renew contact after almost a quarter of a century of estrangement. And it wasn't easy. There were great differences between us. But in the principles of the historic Shanghai communiqué,[3] signed 17 years ago this coming Monday, we found a common basis for moving beyond those differences to find our shared interests. . . .

We value the new relationship our two countries have established with each other. Our friendship is continuing to develop, and that's good, for a relationship must be strong enough to tackle the areas of disagreement as well as those of common interest. And it must be based on respect for the individual as well as the integrity of the states. We remain firmly committed to the principles set forth in those three joint communiqués that form the basis of our relationship. And based on the bedrock principle that there is but one China, we have found ways to address Taiwan constructively without rancor. We Americans have a long, historical friendship with Chinese people everywhere. In the last few years, we've seen an encouraging expansion of family contacts and travel and indirect trade and other forms of peaceful interchange across the Taiwan Strait, reflecting the interests of the Chinese people themselves. And this trend, this new environment, is consistent with America's present and longstanding interest in a peaceful resolution of the differences by the Chinese themselves.

The United States and the People's Republic of China have also found common interest in a growing economic relationship. When I came here in 1974, our two-way trade totaled about $900 million, and now it is some $14 billion. And for this we must credit the reforms China embarked upon 19 years ago under Chairman Deng Xiaoping's farsighted leadership.

And we've seen greater exchanges in education as well, with tens of thousands of Chinese students now studying in the United States, just as thousands of U.S. scholars have studied and taught in the farthest corners of China.

And we've developed an active program of military cooperation that is forging ties of friendship between our defense establishments, even as we've found a diplomatic unity in our shared opposition to policies of international aggression and domination. Our two countries, as nuclear powers, as permanent members of the United Nations Security Council, have a special reponsibility for preserving world peace. We owe it to mankind to work together for peace and international stability.

The United States has pressed forward with the Soviet Union in the arms reduction process, achieving under the INF treaty an agreement to eliminate U.S. and Soviet intermediate-range nuclear missiles, on our insistence, from Asia as well as Europe. We are mindful of the danger posed to other countries by the proliferation of deadly weapon technologies, including chemical weapons, particularly in the regions of the world that are marked by conflict.

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[1] Source: *Weekly Compilation of Presidential Documents*, March 6, 1989, pp. 247–248. President Bush visited China February 25–27. He made this toast at a welcoming banquet hosted by Chinese President Yan Shangkun and Premier Li Peng.

[2] Bush was Chief of the U.S. Liaison Office in Beijing, 1974–1975.

[3] For text of the joint statement issued at Shanghai on February 27, 1972, see *Public Papers of the Presidents of the United States: Richard Nixon, 1972* (Washington, 1974), pp. 376–379.

The prospect of improved relations between China and the Soviet Union inspires hope for new progress in the search for self-determination and peace for the Cambodian people and stability for Korea.

There can be little doubt that even as the people of our two countries are watching this meeting, the world as a whole is watching the larger movement of our two great nations as we build even firmer bonds across the vast ocean that joins us.

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306. Fruitful Talks on International Issues

Statement by the President's Press Secretary (Fitzwater), Beijing, February 27, 1989[4]

The President and Mrs. Bush were delighted by the warm reception in China. The entire range of Chinese leadership met with the President, showing their respect for him personally and for the United States. The luncheon hosted by Chairman Deng Xiaoping and the President's live appearance on Chinese national television[5] were both quite unusual and underscored the Chinese appreciation for the trip.

The President feels the visit was successful in several ways. Both countries underscored their desire to move forward on bilateral issues, noting our bilateral trade level up from $10–14 billion, more Chinese students in the United States, a developing military relationship, and a large and growing science and technology relationship. The President expects both countries to move forward in all of these areas.

There are problems on both sides, of course. They are concerned about Taiwan and what they consider to be excessive United States export controls. In addition, we hope for more progress in human rights.

The President felt the talks on international issues went very well, especially the discussions on Cambodia. Both China and the United States agreed the liberalization of China's investment regulations is desirable, and the Chinese are pursuing this approach. The Chinese said they had completed a patent law and are working on a new copyright law, both of which are necessary to protect intellectual property rights.

The President and Mrs. Bush also shared a personal excitement about the private aspects of the trip. They were especially moved by the Sunday morning church service, the warmth of the Chinese people, and the many changes that have been made in Chinese society in recent years.

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307. Human Rights in China

Press Briefing by the President's Press Secretary (Fitzwater), February 28, 1989 (Extract)[6]

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Q. The human rights problem over in China—it looks like the Chinese have really given the President sort of a swipe. What's his read on their sort of insult to him? And why didn't he bring up human rights, and why did he express his regret instead of a more serious protest?

MR. FITZWATER. He did bring up human rights in any number of ways in China. I suppose maybe the proof is in the pudding in the sense China today is saying the United States is to blame for a diplomatic row over barring by Chinese police of a leading dissident from President Bush's farewell banquet,[7] which is true. We have not—

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[4] Source: *Weekly Compilation of Presidential Documents*, March 6, 1989, p. 253.

[5] For the transcript of the President's interview on Chinese television, see *ibid.*, pp. 250–253.

[6] Source: Office of the Press Secretary to the President. The briefing began at 11:15 a.m. in the Briefing Room of the White House.

Q. What? We're to blame? The President's to blame?

Mr. Fitzwater. Which is to say that the President invited dissidents to this banquet for a reason.

Q. Well, why didn't he speak out with some moral authority, himself?

Mr. Fitzwater. The invitation of these gentlemen to the banquet was eloquent to anyone who cared to listen. In addition, he attended a Christian church service, which had another symbolic meaning along those lines. In addition, he mentioned human rights in his welcoming toasts the first night of the visit. His Secretary of State discussed the matter specifically and at length with the Foreign Minister in his meeting. There were extensive discussions on the human rights issue there.

I was quite disturbed by some of the reporting that had my comments on the first two meetings[8] saying it hadn't come up as portraying his conversations in the entire day and night. But I do thank CNN, which ran my entire comments pointing out that he still had to meet with Zhao Ziyang, where indeed there was a lengthy discussion of human rights, and had a dinner and other meetings to go.

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308. Human Rights in Tibet

Daily Press Briefing by the Department of State Spokesman (Redman), March 6, 1989 (Extract)[9]

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Q. Any comment on the events, recent events in Tibet?

A. We deplore the violence and particularly the use of weapons that has apparently resulted in numerous deaths and injuries. We believe the interests of all parties would be best served by the restoration of calm and resumption of efforts to address the legitimate concerns of the inhabitants of Tibet.

Q. Has the State Department made any representation to the Chinese about the Tibet issue?

A. As a result of these latest incidents, I don't believe there has been any contact. You're aware that we have made clear to the Chinese both publicly and privately in the past our concern over human rights in Tibet, particularly over reports of mistreatment of prisoners. We have also previously deplored the use of firearms against unarmed demonstrators.

In addition, Secretary Baker raised U.S. concern over human rights in Tibet in his talks with Foreign Minister Qian.[10]

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[7] Astrophysicist Fang Lizhi was invited to a banquet hosted by President Bush on February 26, but Chinese police prevented him from attending. On February 27, Xinhua reported a statement by a Chinese Foreign Ministry spokesman that the Chinese had expressed "strong resentment" that the United States had invited Fang to the dinner without consulting them. (Foreign Broadcast Information Service, *Daily Report: China*, February 28, 1989, p. 1)

[8] At a February 26 press briefing in Beijing, Fitzwater stated that human rights issues had not been discussed in meetings between the President and Premier Li and Chairman Deng, but he pointed out that the President had not yet met with Chinese Communist Party General Secretary Zhao Ziyang. A transcript of the briefing was transmitted in telegram 5039 from the Embassy in Beijing to the Department of State, February 26, 1989. (Department of State files)

[9] Source: Office of Press Relations, Department of State. The briefing began at 12:16 p.m.

[10] At the daily press briefing on March 8, Redman stated that the United States had approached both the Foreign Ministry and the State Nationalities Affairs Commission. He continued, "We stressed the concern in the United States over human rights in Tibet, deplored the violence which has led to many deaths and injuries, and asked for an assessment of developments in Tibet and the likely duration of martial law. While we recognize the right of a government to maintain order, we object to unwarranted use of lethal force." (Daily Press Briefing, March 8, 1989, *ibid.*)

309. Student Demonstrations in China

Daily Press Briefing by the Department of State Spokesman (Tutwiler), April 27, 1989 (Extract)[11]

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Q. Margaret, does the United States have any further reaction to the continuing student unrest in China?

A. Yes, we do.

As we have consistently said, the United States believes in and supports the right of peaceful assembly, including peaceful protest and the freedom of expression. We hope that demonstrations in China, if they continue, will remain peaceful, and that the authorities will act with restraint.

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310. "We Support . . . Freedom of Expression"

Interview With Secretary of State Baker, Houston, May 14, 1989 (Extract)[12]

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Q. Let's move on to another area that's really in the news today. General Secretary Gorbachev is about to arrive in China on a history-making summit there. What, from the U.S. point of view, is there to worry about or look for in this summit?

A. I don't think that there's a lot that we should be worried about. In fact, when we were in Beijing, President Bush told Chairman Deng Xiaoping that we welcomed the fact that the People's Republic and the Soviet Union were getting together. He has sent the chairman a message in the last several days with regard to this subject, and it's not something that the United States ought to be worried about. It's something that we really ought to welcome, and we do welcome.

Q. Does the United States have any response specifically to the news this morning, which are the continuing student protests? There are a thousand students camped as we speak in Tiananmen Square, and Gorbachev is on his way. What's the U.S. comment or observation on that student demonstration?

A. The comment of the United States is that we support freedom of expression around the world. We support self-determination, freedom of expression, democratization. We take note of the fact that the authorities in Beijing have really not, as they quite frequently have in the past, cracked down on these demonstrations. These students have been permitted to express their views rather freely if you look at what has been traditional in the past.

Q. And you applaud that restraint, I take it?

A. Yes, we do.

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311. "I Urge Nonviolence and Restraint"

Statement by the President's Press Secretary (Fitzwater), May 23, 1989[13]

The President today met with Wan Li, Chairman of the Standing Committee of the National People's Congress, from 2:30 p.m. to 3:30 p.m. Following the plenary meeting, Wan Li visited the Residence to greet Mrs. Bush.

The Chinese leader briefed the President on the outcome of the recent Sino-Soviet summit and on the student demonstrations in China. "We are strongly committed to democracy around the world," the President said. "It is the underpinning of our being as a nation. I urge nonviolence and restraint in your present situation. I urge that Voice of America not be jammed and that reporters be given open access."

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[11] Source: Office of Press Relations, Department of State. The briefing began at 12:18 p.m.

[12] Source: Department of State *Bulletin*, July 1989, p. 29. Secretary Baker was interviewed on CBS–TV's "Face the Nation" by Terence Smith and Bill Plante of CBS News.

[13] Source: *Weekly Compilation of Presidential Documents*, May 29, 1989, p. 761.

The President told Chairman Wan that he remains personally committed to expanding the normal and constructive relations the United States enjoys with China. The world has a stake in China's economic progress, national security, and political vitality. The United States hopes to see the continuing implementation of economic and political reforms, which undoubtedly will also help advance these goals.

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312. "This Is Not the Time for an Emotional Response"

Press Conference by President Bush, June 5, 1989 (Extract)[14]

THE PRESIDENT. During the past few days, elements of the Chinese Army have been brutally suppressing popular and peaceful demonstrations in China. There has been widespread and continuing violence, many casualties, and many deaths. And we deplore the decision to use force, and I now call on the Chinese leadership publicly, as I have in private channels, to avoid violence and to return to their previous policy of restraint.

The demonstrators in Tiananmen Square were advocating basic human rights, including the freedom of expression, freedom of the press, freedom of association. These are goals we support around the world. These are freedoms that are enshrined in both the U.S. Constitution and the Chinese Constitution. Throughout the world we stand with those who seek greater freedom and democracy. This is the strongly felt view of my administration, of our Congress, and most important, of the American people.

In recent weeks, we've urged mutual restraint, nonviolence, and dialog. Instead, there has been a violent and bloody attack on the demonstrators. The United States cannot condone the violent attacks and cannot ignore the consequences for our relationship with China, which has been built on a foundation of broad support by the American people. This is not the time for an emotional response, but for a reasoned, careful action that takes into account both our long-term interests and recognition of a complex internal situation in China.

There clearly is turmoil within the ranks of the political leadership, as well as the People's Liberation Army. And now is the time to look beyond the moment to important and enduring aspects of this vital relationship for the United States. Indeed, the budding of democracy which we have seen in recent weeks owes much to the relationship we have developed since 1972. And it's important at this time to act in a way that will encourage the further development and deepening of the positive elements of that relationship and the process of democratization. It would be a tragedy for all if China were to pull back to its pre-1972 era of isolation and repression.

Mindful of these complexities, and yet of the necessity to strongly and clearly express our condemnation of the events of recent days, I am ordering the following actions: Suspension of all government-to-government sales and commercial exports of weapons, suspension of visits between U.S. and Chinese military leaders, sympathetic review of requests by Chinese students in the United States to extend their stay, and the offer of humanitarian and medical assistance through the Red Cross to those injured during the assault, and review of other aspects of our bilateral relationship as events in China continue to unfold.

The process of democratization of Communist societies will not be a smooth one, and we must react to setbacks in a way which stimulates rather than stifles progress toward open and representative systems.

And I'd be glad to take a few questions before our Cabinet meeting, which starts in a few minutes.

Q. Yes, Mr. President. You have said the genie of democracy cannot be put back in the bottle in China. You said that, however, before the actions of the past weekend. Do you still believe that? And are there further steps that the United States could take, such as economic sanctions, to further democracy in China?

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[14] Source: *Weekly Compilation of Presidential Documents*, June 12, 1989, pp. 839–843. The President spoke at 9:40 a.m. in the Briefing Room at the White House.

THE PRESIDENT. Yes, I still believe that. I believe the forces of democracy are so powerful, and when you see them as recently as this morning—a single student standing in front of a tank, and then, I might add, seeing the tank driver exercise restraint—I am convinced that the forces of democracy are going to overcome these unfortunate events in Tiananmen Square.

On the commercial side, I don't want to hurt the Chinese people. I happen to believe that the commercial contacts have led, in essence, to this quest for more freedom. I think as people have commercial incentive, whether it's in China or in other totalitarian systems, the move to democracy becomes more inexorable. So what we've done is suspended certain things on the military side, and my concern is with those in the military who are using force. And yet when I see some exercising restraint and see the big divisions that exist inside the PLA, I think we need to move along the lines I've outlined here. I think that it's important to keep saying to those elements in the Chinese military, "Restraint: Continue to show the restraint that many of you have shown." And I understand there are deep divisions inside the army. So this is, we're putting the emphasis on that side of it.

Q. Have you had any personal contact with the Chinese leadership? Why do you think they moved in the way they did? And why did you wait so long?

THE PRESIDENT. Well, I don't think we've waited so long, Helen [Helen Thomas, United Press International].[15] We've been—I made very clear, in a personal communication to Deng Xiaoping, my views on this. I talked to the Ambassador last night, Jim Lilley. He's been in touch constantly with the Chinese officials, and so, I don't feel that we've waited long, when you have a force of this nature and you have events of this nature unfolding. We are the United States and they are China, and what I want to do is continue to urge freedom, democracy, respect, nonviolence, and with great admiration in my heart for the students. So, I don't think we've waited long.

What was the other part of your question?

Q. What impelled the Chinese Government? They did wait a long time, more than we expected, really, and—

THE PRESIDENT. Yes, they did.

Q. —then they finally moved in. What do you think is the impetus?

THE PRESIDENT. I'm glad you raised that point. We were, and have been, and will continue to urge restraint, and they did. The army did show restraint. When Wan Li was here, he told me—and this is very Chinese, the way he expressed it—the army loves the Chinese people. And they showed restraint for a long time, and I can't begin to fathom for you exactly what led to the order to use force, because even as recently as a couple of days ago, there was evidence that the military were under orders not to use force. So I think we have to wait now until that unfolds.

Q. Mr. President, could you give us your current, best assessment of the political situation there, which leaders are up, which are down, who apparently has prevailed here, and who apparently has lost?

THE PRESIDENT. It's too obscure, it's too beclouded to say. And I would remind you of the history. In the Cultural Revolution days, Deng Xiaoping at Mao Zedong's right hand, was put out. He came back in 1976. He was put out again in the last days of Mao Zedong and the days of the Gang of Four. Then he came back in, and to his credit, he moved China towards openness, towards democracy, towards reform. And suddenly we see a reversal. And I don't think there's anybody in this country that can answer your question with authority at this point. It doesn't work that way in dealing with China.

Q. But, Mr. President, there have been reports that Deng was behind the move to order the troops, and other reports that he's ailing and in a hospital. What do you know about that, sir?

THE PRESIDENT. Don't know for sure on either, and I've talked to our Ambassador on that, as I say, last night, and we just can't confirm one way or another on the other.

Q. Mr. President, you spoke of the need for the U.S. to maintain relations with China. But given the brutality of the attacks over the last couple of days, can the U.S. ever return to business as usual with the current regime?

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[15] Brackets in the source text.

THE PRESIDENT. I don't want to see a total break in this relationship, and I will not encourage a total break in the relationship. This relationship is, when you see these kids struggling for democracy and freedom, this would be a bad time for the United States to withdraw and pull back and leave them to the devices of a leadership that might decide to crack down further. Some have suggested I take the Ambassador out. In my view, that would be 180 degrees wrong. Our Ambassador provides one of the best listening posts we have in China. He is thoroughly experienced. And so let others make proposals that in my view don't make much sense. I want to see us stay involved and continue to work for restraint and for human rights and for democracy. And then down the road, we have enormous commonality of interests with China, but it will not be the same under a brutal and repressive regime.

So I stop short of suggesting that what we ought to do is break relations with China, and I would like to encourage them to continue their change.

Q. Mr. Bush, you're sending a message to the military and to the Government. A couple of weeks ago, you told the students to continue to stand by their beliefs. What message do you want the students to hear from what you're saying right now?

THE PRESIDENT. That we support their quest for democracy, for reform, and for freedom. And there should be no doubt about that. And then, in sending this message to the military, I would encourage them to go back to the posture of a few days ago that did show restraint, and that did recognize the rights of the people, and that did epitomize what that Chinese leader told me, that the army loves the people. There are still vivid examples of that.

Q. Should the students go home? Should the students stop trying to fight the army?

THE PRESIDENT. I can't dictate to the students what they should do from halfway around the world. But we support the quest for democracy and reform, and I'd just have to repeat that.

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313. "The Situation . . . in China Is Volatile, Uncertain, and Increasingly Dangerous"

Daily Press Briefing by the Department of State Spokesman (Tutwiler), June 7, 1989 (Extracts)[16]

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The situation in Beijing and in China is volatile, uncertain, and increasingly dangerous. As you all know, this morning in China our Ambassador issued an order that all U.S. dependents—there are 258 of them—depart China.

Let me make something very clear. Our government can only order U.S. personnel and dependents to leave the country. The U.S. Government has no legal authority to order Americans to leave a foreign country. In light of that, the Secretary of State and our Ambassador are strongly urging all American citizens to leave China, and our Embassy and consular officers are assisting all Americans in leaving China to the best of our personnel's ability.

The State Department today is issuing a new travel advisory which reiterates the above.[17]

. . . .

Our Embassy and four Consulates remain open.

Secretary Baker spoke this morning with our Ambassador in Beijing for a report on the situation at the diplomatic compound and the Embassy. Ambassador Lilley reported that he was able to see the Vice Minister for Foreign Affairs and registered a strong protest against the shooting incident.[18] In addition, here in Washington the State Department, around 2 a.m. this morning, registered a similarly strong protest to the Chinese Embassy here in Washington, D.C.

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[16] Source: Office of Press Relations, Department of State. The briefing began at 1:40 p.m.

[17] Tutwiler announced at the Daily Press Briefing on June 5 that the Department was issuing a travel advisory urging Americans not to travel to China in view of the "extremely volatile and dangerous situation." (Daily Press Briefing, June 5, 1989, *ibid.*)

The Chinese Embassy has informed the State Department late last night—that was June 6—that Foreign Minister Qian's visit to Washington has been postponed. As I said on Monday, the visit would have given us the opportunity to convey to the Chinese leaders our view of the tragic and brutal actions that have taken place and to urge that a policy of restraint and dialog be reinstated. However, under current circumstances we agree that such a visit should not take place.

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314. "I Want To Preserve This Relationship As Best I Can"

Press Conference by President Bush, June 8, 1989 (Extracts)[19]

. . . .

Q. Mr. President, cutting off military sales to China does not seem to have made an impression on the rulers there, and they've become more repressive. What else are you going to do to express this nation's outrage? And do you have any other plans?

THE PRESIDENT. I think that the position we took, aiming not at the Chinese people but at the military arrangements, was well-received around the world and was followed by many countries. Right after we did that, many of the European countries followed suit. The events in China are such that we, obviously, deplore the violence and the loss of life, urge restoration of order with recognition of the rights of the people. And I'm still hopeful that China will come together, respecting the urge for democracy on the part of the people. And what we will do in the future, I will announce at appropriate times. But right now, we are engaged in diplomatic efforts, and other countries are doing the same thing. And let's hope that it does have an ameliorating effect on this situation.

Q. Does your support of human rights and democracy extend to other places in the world, like South Africa, the West Bank, where they've been fighting a lot longer than in China against repression?

THE PRESIDENT. Yes, it does. It certainly does. Concern is universal. And that's what I want the Chinese leaders to understand. You see, we've taken this action. I am one who lived in China; I understand the importance of the relationship with the Chinese people and with the government. It is in the interest of the United States to have good relations, but because of the question that you properly raised, we have to speak out in favor of human rights. And we aren't going to remake the world, but we should stand for something. And there's no question in the minds of these students that the United States is standing in their corners.

I'll tell you a little anecdote: When our cars went out to the university to pick up some of the students and bring them out, they were met by universal applause. And then the students in this country have been quite supportive of the steps that I have taken. We had a few into the Oval Office the other day, and I must say my heart goes out to them. They cannot talk to their families, and it's very difficult.

But, yes, the United States must stand wherever, in whatever country, universally for human rights. And let me say, you mentioned South Africa? Absolutely, appalling. Apartheid must end.

Q. Mr. President, can the United States ever have normal relations with China as long as the hardliners believed responsible for the massacre, such as Deng Xiaoping and Premier Li Peng, remain in power? In other words, what will it take to get U.S.-Chinese relations back to normal?

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[18] On June 6, Chinese troops fired into apartments in the diplomatic compound in Beijing, including some occupied by U.S. officials.

[19] Source: *Weekly Compilation of Presidential Documents*, June 12, 1989, pp. 864–867. The press conference began at 8 p.m. in the East Room at the White House.

THE PRESIDENT. It will take a recognition of the rights of individuals and a respect for the rights of those who disagree. And you have cited two leaders, one of whom I might tell you is—you mentioned Deng Xiaoping. I'm not sure the American people know this. He was thrown out by the Cultural Revolution crowd back in the late sixties; came back in; 1976 was put out again because he was seen as too forward-looking. And all I'm saying from that experience is: Let's not jump at conclusions as to how individual leaders in China feel when we aren't sure of that.

But the broad question that you ask—we can't have totally normal relations unless there's a recognition of the validity of the students' aspirations. And I think that that will happen. We had a visit right here, upstairs in the White House, with Mr. Wan Li. Now, I don't know whether he's in or out, but he said something to me that I think the American people would be interested in. He said, "The army loves the people." And then you've seen soldiers from the 27th Army coming in from outside of Beijing and clearly shooting people. But having said that, I don't think we ought to judge the whole People's Liberation Army of China by that terrible incident.

What I want to do is preserve this relationship as best I can, and I hope the conditions that lie ahead will permit me to preserve this relationship. I don't want to pass judgment on individual leaders, but I want to make very clear to those leaders and to the rest of the world that the United States denounces the kind of brutality that all of us have seen on our television.

. . . .

Q. Mr. President, I'd like to return to China for a moment. You mentioned that your goal is to preserve our relationship with the Chinese Government. But what do you say to the American people who might wonder why we are not more forceful in being the world's leading advocate of democracy? And are we not living up to that responsibility in this situation?

THE PRESIDENT. . . . Some have suggested, well, you've got to go full sanctions on the economic side. I don't want to cut off grain, and we've just sold grain to the People's Republic of China. I think that would be counterproductive and would hurt the people.

What I do want to do is take whatever steps are most likely to demonstrate the concern that America feels. And I think I've done that, and I'll be looking for other ways to do it if we possibly can.

Q. Mr. President, Chinese dissident Fang Lizhi has taken refuge in the U.S. Embassy, apparently fearing for his own safety. The Chinese Government has called that a wanton interference in internal affairs and a violation of international law. What is your reaction to that? And will the United States grant Fang political asylum in the United States?

THE PRESIDENT. First, let me remind the audience here that we do not discuss asylum. It's almost like a public discussion of intelligence matters. But in terms of your question, we have acted in compliance with the international law as an extraordinary measure for humanitarian reasons. His personal safety was involved here, he felt. And then we try, historically, to work these things out in consultation with the sovereign state. So, we are not violating international law, in the opinion of our attorneys. And it is awful hard for the United States, when a man presents himself—a person who is a dissident—and says that his life is threatened, to turn him back. And that isn't one of the premises upon which the United States was founded. So, we have a difference with them on that, you're right, but I hope it can be resolved.

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315. "The Reports of Arrests . . . Are Very Disturbing"

Statement by Secretary of State Baker, June 20, 1989 (Extract)[20]

. . . .

SENATOR MURKOWSKI. Turning back to China, very briefly, we looked on China as a substantial stabilizing force until just a short time ago. We looked at China to play a role in North Korea, on the Sino-Soviet border, on the Tibetan issue, and certainly in Cambodia.

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[20] Source: *The Future of U.S.-Soviet Relations: Hearings Before the Committee on Foreign Relations, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), pp. 938–940. Claiborne Pell, chairman of the committee, presided over the session.

Now we are wondering whether China may renege on its vow not to aid the Khmer Rouge.

How do you, as the policymaker, handle this very careful process of tiptoeing through the tulip bed, so to speak, with China, when we recognize that there were thousands of people that were killed with the authorization of the current government and the realization that there are going to be tremendous pressures for business as usual, the realization that some of our allies are not going to have the same commitment to human rights that the United States does? And how do you parlay this into recognizing that we have a tremendous moral obligation, that those atrocities can not be forgotten, and still go on and deal with an administration in China that is very much committed to trying to heal the surface of those wounds and getting on with the movement of China into the 21st century?

SECRETARY BAKER. Senator, we have to take all of those things into consideration.

One of the things we have to do is be careful that we do not take actions, at least in our view, actions that hurt the Chinese people.

I know that has been at the forefront of the President's thinking as he has developed our administration's response to this very unfortunate episode.

Let me say beyond this that I think the administration has very clearly expressed our outrage over the brutal and unacceptable use of force against peaceful demonstrators.

The President and others of us from time to time have made it clear, I think, that we stand with those around the world who seek greater freedom and greater democracy. We have said, for instance, that the whole world has seen what happened in Tiananmen Square, where large numbers of peaceful demonstrators were killed by army units.

We have condemned and do condemn the use of live fire against unarmed civilians, which is what happened in Tiananmen Square. Labeling demonstrators who are seeking basic human rights "counterrevolutionaries and hooligans," as has been done, we do not think will alter the reality of what happened in Tiananmen Square on June 3.

We have said and I say here now that the persecution of people for the exercise of basic human rights, such as freedom of expression, freedom of association, freedom of the press, is reprehensible and deplorable.

The reports of arrests of students and workers are very disturbing. The White House announced today that the President had directed us to call in the Chinese Ambassador yesterday, which we did, and appeal for clemency with respect to those who have been arrested in China.[21]

The detention or arrest of these people for exercising their basic human rights, Senator, is clearly contrary to internationally recognized standards.

Now, in determining how to respond to these actions, which are, indeed, brutal and are, indeed, outrageous, I think the President was mindful of the need to preserve, to the extent that we can, to preserve what is a very, very important relationship. And, as a result of that, he took some very carefully crafted steps.

You referred to it as "tiptoeing" along the line between these two countervailing considerations.

He has suspended all government-to-government sales and commercial exports of weapons and of visits between United States and Chinese military leaders. We think that that suspension is a strong signal that there cannot be business as usual with a leadership that refuses to recognize the aspirations for democratic reform of its own people.

Other steps have been taken to ensure against citizens of China in the United States being forced to return to China before June 5, 1990. As I mentioned a moment ago in answer to Senator Lugar's question, we continue to maintain our travel advisory with respect to Americans traveling in China.

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[21] The President's Press Secretary Marlin Fitzwater announced this and further stated: "We urge the leaders of the People's Republic of China to show clemency and to use their powers to pardon those who were arrested in the demonstrations for democracy Sentences of death in Shanghai and Beijing could only deepen the wounds of the past few weeks." (Daily Press Briefing, June 20, 1989, Office of the Press Secretary to the President)

The President also said, though, Senator Murkowski, that we have to review aspects of our policy in the light of unfolding events. So, he has proceeded thus far in a manner designed not to harm the Chinese people, including those Chinese people, many, many Chinese people, who have benefited from freer economic and cultural contact with the outside world, and who have benefited from the consequent freer flow of ideas.

Now, in keeping with those principles, Senator, I want to tell you that I have recommended to the President that we suspend all political level Assistant Secretary and above participation in nonmilitary exchanges between the United States and China. If the President should act on that recommendation, that would mean a cancellation of certain travel that is now programmed for some of our Cabinet officers, such as Secretary Mosbacher's trip on July 10.

We will be attempting, as well, to do what we can to postpone consideration of loan applications in international financial institutions at least for the time being, while we continue to review, as the President has said we would do, the further aspects of our policy in the light of unfolding events.

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316. Suspension of High-Level Exchanges

Statement by the President's Press Secretary (Fitzwater), June 20, 1989[22]

The President today directed that the U.S. Government suspend participation in all high-level exchanges of government officials with the People's Republic of China, in addition to the suspension of military exchanges previously announced. This action is being taken in response to the wave of violence and reprisals by the Chinese authorities against those who have called for democracy. The United States has supported the legitimate democratic aspirations for freedom of peoples throughout the world. The United States will continue to voice its concern and its support for these aspirations.

The United States hopes that the current tragedy in China be brought to a peaceful end and that dialog will replace the atmosphere of suspicion and reprisal. China is an important state with which we hope to continue productive relations.

In addition to the ban on exchanges, the United States will seek to postpone consideration of new international financial institutions' loans to China. The situation in China is of international concern, as witnessed by the variety of voices that have spoken up on the issue. We urge continued international expressions of concern.

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317. Summit Nations Following U.S. Lead

Interview With Secretary of State Baker, Paris, July 16, 1989 (Extract)[23]

. . . .

Q. I guess I'm asking about the level of hypocrisy here. You say that you've condemned China in strong terms and words, and yet here just this weekend you confirm now that we'll continue to sell wheat to them because, as you point out rather candidly, it's in the interests of American farmers.

A. No. I really said it would hurt the Chinese people as the primary reason we will continue—if we cut it off, it would hurt the Chinese people, and that's one of the things that the President said right off the bat he didn't want to do. That's not the kind of action we ought to be taking.

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[22] Source: *Weekly Compilation of Presidential Documents*, June 26, 1989, p. 941.

[23] Source: Department of State *Bulletin*, September 1989, p. 11. Secretary Baker was interviewed on ABC-TV's "This Week With David Brinkley." Baker was in Paris for the economic summit July 14–16. For text of the Summit Declaration on China, see Document 59.

Q. There are things we could do that would not hurt the Chinese people or be, as sanctions usually are, futile, particularly with a commodity like grain. That is, we could say we're reexamining, in conjuction with the British reexamining, our policies about the fundamental relationships between our country, their country, and Taiwan and Hong Kong. Have you given any thought to that?

A. What the United States has done here is really lead the way. The President was the first to take action against China in connection with what's happened. He's the one who set the standard of ceasing military exchanges. He's the one who called for postponement of World Bank loans. He's the first leader who basically said, I think, that we're going to cut off high-level political exchanges.

All of these other six Western industrial democracies here at this summit are following that lead. They all believe this is the proper course. They also don't think that we ought to isolate China, that it would not be in the best interests of the West. All seven of these countries feel this way. We think the response is appropriate.

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318. Secretary Baker's Meeting With Foreign Minister Qian

Department of State Press Briefing, Paris, July 31, 1989 (Extracts)[24]

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Q. You said after the meeting with Qian that you were hoping this would help to preserve the relationship between the United States and China, that it evolved over the last 10 to 12 years. How can you assess that meeting? What progress did you make in preserving this relationship or how were you going about preserving it during the meeting?

A. I made the point, without getting into the details of my discussion with him, that repression on the part of the People's Republic of China would not be understood by the American people. That it was our view that if China does want to continue its reform, as it says it does, it ought not to turn inward and isolate itself through conduct that would not be understood by many in the international community. I didn't go into that much detail outside the building because I didn't have the opportunity to do it.

But that is the way that I addressed the issue that does present a problem to the preservation of that relationship. At the same time, I did express to him the President's strong desire that we do preserve a relationship that has not just economic but political and strategic meaning for both of our countries.

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[24] Source: Department of State files. This briefing was conducted on background by a senior administration official. Secretary Baker and Foreign Minister Qian met on July 31 during a conference focused on a settlement in Cambodia. After the meeting, in response to a question concerning the ban on high-level U.S.-Chinese contacts, Baker commented: "Well, let's make sure we understand the ban. The ban was on high-level visits and exchanges. The Chinese Foreign Minister and I are both attending this conference, pursuing similar goals and that is a comprehensive settlement in Cambodia. There was a great deal of similarity, frankly, in the positions of the United States and the People's Republic of China at this Conference." (Department of State Press Release No. 148, August 8, 1989) For additional extracts of this briefing, see Document 299.

Q. Did he say anything about whether they even accept your notion of repression and whether they're going to change their ways?

A. There is clearly a difference of approach of the way they view the events that took place. You're familiar with that. Some of their public explanations do not accord with our understanding and we simply had a frank and candid discussion of that aspect of the relationship.

I guess we met for about 1 hour and 15 minutes.

A. About 1 hour and 30 and it was a one-on-one meeting.

. . . .

Q. Could you give us a description of how you see the Sino-American relationship developing in the near term future now? Did you go over with the Foreign Minister steps the United States might take in response to steps the Chinese might take in restoration, perhaps, of exchanges of some sort?

A. We discussed some of those things, but I'm not going to get into detail on that. I really shouldn't do that. We discussed steps that—

Q. Where does it go from here?

A. Well, we'll have to see. You asked me, did we discuss specific things? Yes, we did. One of the points I made was while the administration, the President, wants to preserve this relationship, if possible, we can't do it alone. We are going to need some help. We are going to need some help from them, and they need to understand the way in which the American people relate to what happened in China. We're going to need some help in terms of their future course of action that is—not turning inward and not becoming isolated, as I mentioned earlier.

. . . .

319. "A Clear Difference of Opinion Between the Two Countries"

Press Briefing by Secretary of State Baker, New York, September 29, 1989 (Extract)[25]

. . . .

Q. Could you expand somewhat on your earlier comments about the bilateral with the Chinese Foreign Minister and assess whether you see any change in China since the crackdown in June—any lessening of repression?

A. I think there's desire on the part of the Chinese Government to do what they can, as I indicated, to preserve a relationship that is very important to both countries from a geopolitical and geostrategic standpoint. I think we've made it very clear in the action which the President has taken and in the two meetings that I've had with the Foreign Minister that we have some problems with the approach toward human rights that was exemplified, of course, by what happened in Tiananmen Square.

I took this occasion to reiterate that. There's a clear difference of opinion between the two countries with respect to exactly what happened and what the appropriate approach should be, but we will continue to make our views known in this respect.

You ask me to judge the state of repression in the People's Republic of China, and I cannot really quantify that for you except to say that we have been told that people who were simply expressing peaceful dissent will not be punished. People who were destroying property and violating laws—against that type of behavior—will be punished. That is the position of the Chinese Government.

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[25] Source: Department of State *Bulletin*, November 1989, p. 37. Secretary Baker and Foreign Minister Qian were in New York to attend the U.N. General Assembly.

320. Former President Nixon's Visit to China

Press Conference by President Bush, November 7, 1989 (Extract)[26]

. . . .

Q. Mr. President, President Nixon's public comments about his meetings with Chinese leaders[27] seem to imply that the Chinese believe that now it's time for the United States to act if we want better relations with the Chinese. Was there anything that the former President told you in private that encourages you in thinking that relations with the Chinese will improve, and anything we can do?

THE PRESIDENT. The Chinese have a slogan, "He who ties the knot should untie it." The Chinese still feel that we tied the knot and thus should untie it. I don't feel that way.

President Nixon's visit to China was very helpful because he was an unofficial visitor. He is respected in China as a *lao peng you*, old friend. He is a man who opened a relationship with China when things were extraordinarily difficult—not just a lack of communication but go back to history and take a look at the—you were in the last vestiges of the Cultural Revolution, where many, many, many people—hundreds of thousands—reportedly lost their lives.

So, he went there at a difficult time. He saw the fundamental importance of this relationship, as I do. He could speak quite frankly to the Chinese leaders; and they, in turn, spoke very frankly to him. And I think he made the point that we didn't tie the knot. Now, I think that helps because of the respect the leaders in China have for President Nixon. I think that visit was very constructive. He carried no messages from me. He was not on a semiofficial mission or anything of that nature. But I think I have a better feeling of where Chinese leaders stand at this point because of having been debriefed by President Nixon. I wish there were some positive steps that I could suggest to them that they take. There are some things that I will keep private that I have quietly recommended. And we'll see where it goes.

But this relationship is important to us. As those of you who know my views on this question, I have never favored the concept of playing a Soviet card, playing a Chinese card. The relationship has to stand on its merits. Having said that, there are enormous geopolitical reasons for us to have relations with the People's Republic of China. And yet there is this affront, the Tiananmen Square situation.

And so, we've got to try now. And I would say I hope—with understanding from this group, who has your job to do, but I've got mine—in a quiet way to find steps that can be taken, perhaps on both sides, to see this relation move back towards more normalization. And the Nixon visit contributed to that very, very much in my view. At least it helped me in my thinking. I know those of us who visited with him found it extraordinarily helpful.

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321. Veto of the Emergency Chinese Immigration Relief Act of 1989

Memorandum by President Bush, November 30, 1989[28]

In light of the actions I have taken in June and again today, I am withholding my approval of H.R. 2712, the "Emergency Chinese Immigration Relief Act of 1989."[29] These actions make H.R. 2712 wholly unnecessary.

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[26] Source: *Weekly Compilation of Presidential Documents*, November 13, 1989, p. 1697. The press conference began at 10:49 a.m. in the Briefing Room at the White House.

[27] Former President Nixon visited China October 28–November 2. On November 5, he had dinner at the White House and informed President Bush of his conversations in China with Deng Xiaoping and other Chinese leaders. (White House Press Briefing by Marlin Fitzwater, November 6, 1989; Office of the Press Secretary to the President)

[28] Source: *Weekly Compilation of Presidential Documents*, December 4, 1989, pp. 1853-1854.

[29] This act waived certain requirements in U.S. immigration laws for Chinese nationals in the United States.

I share the objectives of the overwhelming majority in the Congress who passed this legislation. Within hours of the events of Tiananmen Square in June, I ordered the Attorney General to ensure that no nationals from the People's Republic of China be deported against their will, and no such nationals have been deported. Since June, my administration has taken numerous additional and substantive actions to further guarantee this objective.

Today I am extending and broadening these measures to provide the same protections as H.R. 2712. I am directing the Attorney General and the Secretary of State to provide additional protections to persons covered by the Attorney General's June 6th order deferring the enforced departure for nationals of China.[50] These protections will include: (1) irrevocable waiver of the 2-year home country residence requirement which may be exercised until January 1, 1994; (2) assurance of continued lawful immigration status for individuals who were lawfully in the United States on June 5, 1989; (3) authorization for employment of Chinese nationals present in the United States on June 5, 1989; and (4) notice of expiration of nonimmigrant status, rather than institution of deportation proceedings, for individuals eligible for deferral of enforced departure whose nonimmigrant status has expired.[51]

In addition, I have directed that enhanced consideration be provided under the immigration laws for individuals from any country who express a fear of persecution upon return to their country related to that country's policy of forced abortion or coerced sterilization.

These further actions will provide effectively the same protection as would H.R. 2712 as presented to me on November 21, 1989. Indeed, last June I exercised my authority to provide opportunity for employment to a wider class of Chinese aliens than the statute would have required. My action today provides complete assurance that the United States will provide to Chinese nationals here the protection they deserve.

It has always been my view, and it is my policy as President, that the United States shall not return any person to a country where he or she faces persecution.

I have under current law sufficient authority to provide the necessary relief for Chinese students and others who fear returning to China in the near future. I will continue to exercise vigorously this authority. Waivers granted under this authority will not be revoked.

Maintaining flexibility in administering our productive student and scholar exchange program with China is important. As many as 80,000 Chinese have studied and conducted research in the United States since these exchanges began. I want to see these exchanges continue because it is in the national interest of the United States to promote the exchange of technical skills and ideas between Chinese and Americans. It is my hope that by acting administratively, we will help foster the continuation of these programs.

My actions today accomplish the laudable objectives of the Congress in passing H.R. 2712 while preserving my ability to manage foreign relations. I would note that, with respect to individuals expressing a fear of persecution related to their country's coercive family policies, my actions today provide greater protection than would H.R. 2712 by extending such protection worldwide rather than just to Chinese nationals. Despite my strong support for the basic principles of international family planning, the United States cannot condone any policy involving forced abortion or coercive sterilization.

I deplore the violence and repression employed in the Tiananmen events. I believe that China, as its leaders state, will return to the policy of reform pursued before June 3. I further believe that the Chinese visitors would wish to return to China in those circumstances, in which case I would hope that the knowledge and experience gained by the Chinese visitors temporarily in our country be applied to help promote China's reforms and modernization.

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[50] The June 6 directive from Attorney General Richard L. Thornburgh to Commissioner Alan C. Nelson of the Immigration and Naturalization Service instructed him to defer enforcing the departure of Chinese nationals who were in the United States as of that date, provided that they evidenced unwillingness to return to China. The directive was to continue in effect until June 5, 1990, or until further notice. (Department of Justice files)

[51] A November 30 memorandum from the President to the Secretary of State and the Attorney General directed them to take the actions described in this paragraph and the following paragraph. (Department of State files)

The adjournment of the Congress has prevented my return of H.R. 2712 within the meaning of Article I, section 7, clause 2 of the Constitution. Accordingly, my withholding of approval from the bill precludes its becoming law. *The Pocket Veto Case,* 279 U.S. 655 (1929). Because of the questions raised in opinions issued by the United States Court of Appeals for the District of Columbia Circuit, I am sending H.R. 2712 with my objections to the Clerk of the House of Representatives.

GEORGE BUSH

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322. Secret Scowcroft–Eagleburger Visit to China

Press Briefing by the President's Press Secretary (Fitzwater), December 19, 1989 (Extracts)[32]

. . . .

Q. Marlin, on June 20th, you may recall, you issued the statement about high-level exchanges.[33] Secretary Baker testified the same day this would apply to anything at the level of Assistant Secretary or above.[34] Is it not apparent that you essentially undercut the sanction that you imposed on June 20th or July 4th, by sending somebody higher than Assistant Secretary?[35] And second question is, why was it necessary to keep this secret if it was only a protest? And who are you keeping it secret from, because the Chinese obviously knew about it? Isn't it apparent that you're only keeping it secret from the American people?

MR. FITZWATER. To take all three of those questions in sequence—in the first case, the June 20 statement did cut off high-level exchanges and not contacts. Secretary Baker's testimony gave specific definition to those exchanges. But there again, they were defined as exchanges involving bilateral groups, educational, scientific, scholarly. The two that were cancelled immediately were one by Secretary Brady and one by Secretary Mosbacher. But we did not cut off contacts.

During that period, the State Department publicly announced several contacts between our Ambassador Lilley and members of the Chinese Government in Beijing. They also announced the Baker contacts with the Foreign Minister and so forth. So if there was a perception, that's unfortunate because we never intended to cut off the ability of the government to communicate with their government. But we did want to cut off the exchanges as a register of our disapproval, and that did, indeed, take place.

Your second question was why the secrecy? And the reason was that President Bush, in his long dealings with China, has found that face-to-face discussions are important to them in terms of their culture and the way their government reacts. In June, you will recall, the response of the U.S. Government was leading the world in terms of language and sanctions in protesting this commitment. And we wanted to make sure that the Chinese did not think this was just a public statement. And General Scowcroft went there to emphasize privately that this was, indeed, real, that the American people were deeply disturbed by the events, and that China should not expect relations to change quickly as a result of what had happened there in the Square.

The secrecy was simply because the President felt that it was important to the Chinese to know that this was not public posturing, but was a private emissary to tell them the same things we have been saying publicly in the previous weeks ahead.

Q. If I could just ask one follow-up, why was it necessary to keep the secret from the Congress, including as recently as yesterday, when Eagleburger briefed the Majority Leader of the Senate and failed to tell him?

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[32] Source: Office of the Press Secretary to the President. The briefing began at 11:04 a.m. in the Briefing Room of the White House.

[33] See Document 316.

[34] See Document 315.

[35] The press reported on December 18 that General Scowcroft and Deputy Secretary Eagleburger had visited China secretly in July. A statement released by the White House that day reads in part as follows:

> "General Scowcroft did undertake a mission to China for President Bush in July to personally underscore the U.S. shock and concern about the violence in Tiananmen Square and to impress upon the Chinese Government the seriousness with which this incident was viewed in the U.S." (*The New York Times*, December 19, 1989)

Mr. Fitzwater. For the reasons I just stated. The President had publicly discussed China, had talked to members of Congress about our reaction to China. There had been extensive briefings of the Congress in terms of the sanctions and what we wanted to do. And this was a matter of doing it privately, again, and in a way that wouldn't get out. And because the message was the same, the President simply felt that we should not brief Congress or the public.

Q. Marlin, I want to ask you a couple of follow-up questions to David's. Now that we know about this first visit, it raises some questions about what the President put out about the second visit.[56] Setting aside for the moment the issue of the business about the briefing [of] the Chinese on Malta—which was noticeably not the focus of the celebrated toast, which seems to lie at the core of that visit—if the first visit was to tell them how concerned we were and how they ought to change their ways, and they didn't, then what in the world was the second visit for?

Mr. Fitzwater. The second visit was as we have said, to indicate that we thought it was time to explore possibilities for better relations, that we look to them for some signals that they wanted better relations, and that the United States was willing to make that gesture as a signal that the time—we felt the time had come for them to make some changes.

Q. Well, Marlin, the President said as recently as last month that the Chinese felt that we, not they, had tied the knot and it was up to us to untie it. Of course, when he said that, none of us knew that he had already sent the General in there on the QT. What changed the President's mind between November, when certainly he knew that the Soviet empire was crumbling and freedom was spreading through parts of Europe, for which it had not been known, and December?

Mr. Fitzwater. To follow up on that metaphor, basically what General Scowcroft did in this last trip was loosen the knot in the hopes that they would go ahead and untie it. That has not happened yet, but there are some positive indications.

In terms of the difference between November and the time of this trip, I think that just goes to the fact that when you're having public discussions of these policies, it's impossible, really, to give gradations of change in thinking over a period of time. There has to come a point at which you say, okay, now I'm going to take the risk, if you will, and reach out and see if we can effect change.

. . . .

Q. Marlin, aside from the Silkworm issue—I put that aside because the Chinese have said in the past they were not sending Silkworms to the Middle East—what are the positive indications that—the "some positive indications" you just mentioned that they are untying the knot? Specifically with regard to human rights?

Mr. Fitzwater. I don't—I'm reluctant to offer any because I don't want them interpreted as being our feeling that this means there have been great signals or great rewards. I don't think we're ready to reach that conclusion. But there has been the statement on the missiles.[57] There is the reinstatment of the VOA correspondent.[58] There is an initiation of discussion about the Fulbright Scholarship Program. These are minor things; they do not constitute a kind of major change. But they are, nevertheless, the kind of positive signals that one looks for in international diplomacy.

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Q. . . . Can you now today say with confidence that this was the only other

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[56] General Scowcroft and Deputy Secretary of State Lawrence Eagleburger were in Beijing December 9–10.

[57] On December 11 Xinhua reported a Chinese Foreign Ministry statement dismissing reports that China planned to sell medium-range missiles to Syria as "utterly groundless" and stating, "Except its sale of a few missiles to Saudi Arabia, China has not sold and has no plan to sell any medium-range missile to any Middle East country." (Foreign Broadcast Information Service, *Daily Report: China*, December 11, 1989, p. 11)

[58] The Foreign Ministry notified the Embassy in Beijing on December 13 of the approval of a new VOA Bureau Chief; the previous Bureau Chief had been expelled in June. (Posted statement; Office of Press Relations, Department of State)

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previously undisclosed mission of this variety to Beijing? . . .

. . . .

MR. FITZWATER. Let me be clear—that the President feels that he has within his constitutional responsibility the right to conduct relations with other countries in the best way he sees fit. And that will, from time to time, involve him making trips, making contacts, talking to people, and keeping it secret. He has no intention of changing that. He thinks it's important to his ability to carry out the functions of government and his responsibilities under the Constitution. There have been trips you don't know about; there will be more.

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323. Export-Import Bank Programs in China

International Development and Finance Act of 1989, December 19, 1989 (Extract)[39]

. . . .

SEC. 103. Export-Import Programs To The Peoples's Republic Of China Prohibited Unless Certain Conditions Are Met.

(a) Notwithstanding any other provision of law and subject to the provisions of subsections (b) and (c), the Export-Import Bank of the United States shall not finance any trade with, nor extend any loan, credit, credit guarantee, insurance or reinsurance to the People's Republic of China.

(b) The prohibitions described in subsection (a) of this section shall not apply to food or agricultural commodities.

(c) The President may waive the prohibitions in subsection (a) if he makes a report to Congress either—

(1) that the Government of the People's Republic of China has made progress on a program of political reform throughout the country, as well as in Tibet, which includes—

(A) lifting of martial law;

(B) halting of executions and other reprisals against individuals for the nonviolent expression of their political beliefs;

(C) release of political prisoners;

(D) increased respect for internationally recognized human rights, including freedom of expression, the press, assembly, and association; and

(E) permitting a freer flow of information, including an end to the jamming of Voice of America and greater access for foreign journalists; or

(2) it is in the national interest of the United States to terminate a suspension under subsection (a).[40]

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324. "The Responsibility of a President"

Press Conference by President Bush, December 21, 1989 (Extracts)[41]

. . . .

Q. Mr. President, we now find out that last summer, when we thought that your policy was no contacts with the Chinese Government, that you've sent a high-level delegation there to talk to them. Don't you feel that American people deserve to know that when you say something's not happening, it's really not happening?

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[39] Source: P.L. 101-240, 103 Stat. 2496.

[40] When President Bush signed the bill on December 19, he notified the Speaker of the House and the President of the Senate that he was waiving the prohibitions in subsection 103(a) on grounds of national interest. For text of his letters, also dated December 19, see *Weekly Compilation of Presidential Documents*, December 25, 1989, p. 1973. Press Secretary Fitzwater annouced the waiver the same day. (*Ibid.*)

[41] Source: *Weekly Compilation of Presidential Documents*, December 25, 1989, pp. 1983–1984. The press conference began at 2:58 p.m. in the Briefing Room at the White House.

THE PRESIDENT. Yes, I do think they do. But I didn't say that. I said no high-level exchanges. So, please look at it carefully.

Q. But you didn't tell us that this was happening. Don't people—

THE PRESIDENT. No, I feel no obligation to do that. I feel an obligation to keep you informed, but I have an obligation as President to conduct the foreign policy of this country the way I see fit, reporting under the law to the United States Congress. You could say: How come you didn't tell me that you were going to send in those troops down into Panama? Because I didn't want to take a chance the information would get out. That is the responsibility of a President. And I will continue to exercise it while having 37 press conferences next year.

. . . .

Q. Does that mean there are all kinds of other secret diplomatic missions going on around that we have no idea of?

THE PRESIDENT. Maybe not of that magnitude. But there's a lot going on that in the conduct of the foreign policy or a debate within the U.S. Government has to be sorted out without the spotlight of the news. There has to be that way. The whole opening to China never would have happened if Kissinger hadn't undertaken that mission. It would have fallen apart. So, you have to use your own judgment. And you've got your job, and that is to find out absolutely everything you can, careful—I'm sure most of you are—about legitimate national security concerns. But I have mine, and that is to conduct the foreign policy of this country the way I think best.[42]

If the American people don't like it, I expect they'll get somebody else to take my job, but I'm going to keep doing it. And we've had a very open administration—very—but once in a while, if I go to try to set up a meeting with Mr. Gorbachev, we've got people here screaming, saying: You should have told us that the day you wrote the letter to him. I don't agree with that. And I was elected, so I'm going to keep on trying to do this with an openness—I hope a new openness—but also the right of a President to conduct his business—in this case of Panama, to safeguard the lives of American kids and the other one, to go and see what happens—I know how China works—see what we can do, make a representation of how strongly we feel against the human rights abuse, but see what it's going to take to go forward.

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F. Indonesia

325. "Common Interests of Regional Stability and Market-Oriented Economic Development"

Prepared Statement by the Ambassador-designate to Indonesia (Monjo), May 12, 1989 (Extracts)[1]

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With its 180 million people and its expanding economy, Indonesia presents great opportunities for our common interests of regional stability and market-oriented economic development. Indonesia commands the vital sea lanes linking the Pacific with the Indian Ocean and the Persian Gulf. The government espouses a "free and active" foreign policy with membership in ASEAN as its cornerstone. In recent years, Indonesia has played a key role in ASEAN efforts, which we have supported, to end the Vietnamese occupation of Cambodia. The Indonesian Government has hosted several meetings bringing together the major parties in the Indochinese conflict in search of a solution that would end the occupation and restore Cambodian self-determination. Indonesia is also active in international fora, taking a generally moderate stance in such bodies as OPEC, the Islamic Conference, and the nonaligned movement.

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[42] In an interview on NBC-TV's "Meet the Press" on December 24, Secretary Baker was asked about his statement on December 10 that the November Scowcroft-Eagleberger mission was the first visit to China by high-level U.S. officials. He replied, "I was trying to protect the confidentiality of a classified Presidential mission. . . . If I misled anybody, I regret that." (Department of State Press Release No. 251, December 27, 1989)

[1] Source: Department of State files. Monjo made this statement before the Senate Foreign Relations Committee during his confirmation hearings.

In his confirmation hearings before this committee, Secretary Baker spoke of the importance of the Pacific Basin in our relations. He said that "the world's economic promise to the end of this century depends on how well the United States and its Pacific partners manage their affairs."[2] I would add that, as the largest economy in ASEAN with a GDP last year of about $75 billion, Indonesia's participation is vital to any prospective program of Pacific Rim cooperation. Our excellent dialog with the Indonesians—typified by the recent visit to Jakarta of Vice President Quayle[3]—can and should be used to further our goal of Pacific Basin cooperation.

Once dependent primarily on oil revenues, Indonesia is now in the process of carrying out a far-reaching restructuring of its economy that is showing solid results in production and export of non-oil manufactured goods. While it does not yet have the same kind of manufacturing base as some other Asian nations, Indonesia has the potential to be one of the next economic success stories. Jakarta's prudent management of its international debt is reflected in its excellent credit rating in commercial markets. Indonesia's $56 billion international debt has not been rescheduled and Indonesian leaders have consistently reaffirmed their intention to meet their debt servicing requirements.

We are Indonesia's second largest market, after Japan. Two-way trade amounted to $4.6 billion last year, with a U.S. deficit of $2.4 billion, attributable mostly to petroleum imports. Indonesia values our open market and is well aware that its interests are best served by a continued commitment to free trade. We have made clear that Indonesia too must offer market access for U.S. companies.

U.S. companies have long played the major role in Indonesia's petroleum sector. According to Commerce Department statistics, total U.S. direct investment was about $3.9 billion in 1987 of which petroleum-related investment was about $3.25 billion. Now, this rapidly developing nation offers significant opportunities for U.S. business, especially in the fields of telecommunications, computers, and aviation. . . .

U.S. economic and military assistance has been one of the means by which we demonstrate our interest in Indonesia and ASEAN. Indeed, we took the lead in putting together the aid consortium that helped make it possible for President Soeharto and his colleagues to set the country on its present path of peace and development following the attempted Communist coup in the mid-1960's. While we are no longer among the top five aid donors to Indonesia, our contributions to Indonesian development continue to be a significant aspect of our relations. Given Jakarta's responsible economic policies, we should maintain a moderate level of economic assistance to this still-developing country.

Security assistance is another important element of our relationship. Our IMET program has acquainted generations of Indonesian military with our system. FMS and MAP continue to be important symbols of support for Indonesia; austere government budgets have limited the size of the already modest Indonesian defense budget (less than 3 percent of GDP) while Indonesia is paying for the purchase of U.S.-made F-16's.

The coming years will be important ones for Indonesia. Political discussion there is turning more and more toward generational change as well as the desire for a wider role for Parliament and for the citizenry in government. Vice President Quayle touched on these aspects of Indonesian politics in his talks in Jakarta on April 30. If confirmed, I too will place the issues of more openness in politics and respect for human rights high on my agenda.

If the Senate confirms me, I look forward to participating in the important dialog with Indonesia on the bilateral and multilateral decisions that will help shape our ties for years to come. Thank you for your consideration.

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[2] For extracts from Secretary Baker's January 17 statement, see Document 1.

[3] Vice President Quayle visited Jakarta April 30–May 1.

Document 325

G. Japan

326. Visit of Prime Minister Takeshita

White House Press Briefing, February 1, 1989 (Extracts)[1]

. . . .

Senior Administration Official. Just a few opening comments if I might make them. Some of you may wonder why this visit's taking place so early in the new administration.[2] The answer is that this relationship between the United States and Japan is a very important one. Japan is a close ally, our largest overseas market, and a formidable economic competitor. We are Japan's largest market, most lucrative investment destination and its military ally.

Through cooperation, we believe we can accomplish a great deal in providing aid to countries that need it, in planning to improve the environment, by coordinating economic policies for mutual prosperity, through managing the free trade system in ways that maximize the benefit for all.

Given the scale of our relationship, it's only natural that we have problems, specific complaints that must be handled. Therefore, it's very important for our two leaders to meet early on to establish a personal rapport in a broadbrush agenda. Our respective governments can proceed to get on with the work that lies ahead.

The leaders are not meeting to reach any new agreements, or to achieve miracles. They are here to get to know each other better, to set a tone and direction of cooperation for the relationship.

. . . .

Q. Is the United States satisfied with the recent increases in defense spending and foreign aid that were announced in Tokyo? Are you going to encourage Japanese to still do more beyond those?

Senior Administration Official. Well, we feel that the increases are very good. The 5.9 percent which the Japanese Government has announced for its next budget beginning in April of this year we feel is very heartening and will allow her to basically carry out most of the elements in her plan—in her military plan. And we believe that the increase in overseas development assistance—I think that was something like 7.8 percent—is very healthy and very good. And we think that the manner in which Japan is supporting U.S forces in her country—something like $2.5 billion, and that's hopefully on the increase. So we would like to see a lot of these things increased, and we want to see things done particularly in the overseas development assistance, in close cooperation with us. But Japan is moving in the right direction and we're very pleased with that. And we want to see that that continues and goes forward.

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327. "We Need One Another"

Statements by President Bush and Prime Minister Takeshita, February 2, 1989[3]

The President. Mr. Prime Minister, ladies and gentlemen, let me begin by expressing once again on behalf of the American people the condolences on the passing of Emperor Showa,[4] a most gentle man of great learning. And I look forward to calling on the new Emperor when I visit Japan later this month.[5]

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[1] Source: Office of the Press Secretary to the President. The briefing, which began at 9:17 a.m. in the Briefing Room of the White House, was conducted on background by a senior administration official.

[2] Prime Minister Noboru Takeshita visited Washington February 1–3.

[3] Source: *Weekly Compilation of Presidential Documents*, February 26, 1989, pp. 142–144. The President spoke at 1:30 p.m. at the South Portico of the White House following talks with the Prime Minister. The Prime Minister spoke in Japanese, and his remarks were translated by an interpreter.

[4] In Japan an emperor is known after death by the name of his reign.

[5] President Bush visited Japan February 23–25 to attend the Emperor Showa's funeral. After continuing on to China and the Republic of Korea, he returned to Washington on February 27.

It has been a pleasure and honor for Barbara and me to welcome you, Mr. Prime Minister, Mr. Takeshita, to the White House. You are one of our first official visitors, and this reflects the importance I place on the relations between our two countries, the strength of our nations' ties, and the promise that our relationship holds for the future of the world.

Two weeks ago, here in Washington, the United States conducted a ritual that spoke of both continuity and change. For the 41st time in 200 years, the United States swore in a new President. And in the transition from one President to the next, we Americans reaffirmed the strength of our democracy and our commitment to values on which it was built. Japan and the world can count on the United States to continue to work for peace, democracy, freedom, and justice around the world. The scope of America's vision is global, and we will continue to shoulder the obligations that belong to a global power.

Continuity will also be the mark of relations between the United States and Japan. On occasion, we may have differences, but these are the differences of friends. And in the last 40 years, our two nations have been truly close friends. The peace and prosperity we both enjoy today are among the fruits of that friendship. Simply put: We respect one another. We need one another. And we will continue to work together for the good of our peoples and of all humanity.

During this visit, the Prime Minister and I worked on the continuing business of the friendship between our countries. We confirmed that the treaty of mutual security and cooperation is the foundation of our relationship. I noted the importance of allies assuming greater responsibilities in the cause of peace. The Prime Minister and I agreed that these responsibilities take many forms. In this regard, I applaud Japan's pledge to make further significant increases in Overseas Development Assistance programs. At the same time, we believe that the most powerful engine for economic development and growth—in fact, the only engine that works—is the entrepreneur, large and small. And entrepreneurship is a product not of massive aid packages but of free and open economies that do not carry crushing burdens of taxation and regulation and that maintain the rule of law, including contract and property law.

Along these lines, we agreed on the importance of supporting democracy and sustained growth and reform in the Philippines. Toward this end, we pledge to make every effort to launch the Multilateral Assistance Initiative for the Philippines this year.

The Prime Minister and I reviewed the progress our nations have achieved in bringing our economies into better balance and in further opening our markets to each other's goods and services. We also recognize the need for continued policy efforts in these areas. The Prime Minister reaffirmed Japan's determination to promote strong domestic growth and structural adjustments. And I told him that I am determined to reduce our budget deficit.

In the area of multilateral cooperation, we agreed that we would continue to coordinate policies through established settings, especially the economic summit. We will look forward to the next summit meeting, which will be held in Paris. We also agreed on the importance for continued global prosperity of a successful Uruguay round. And we agreed on the importance of frequent consultation at all levels on economic issues.

All in all, our talks were positive and forthright befitting close allies. The Prime Minister and I first met some time ago, and this week's meetings have helped us become even better acquainted. We've laid the groundwork for close cooperation, as we deal with the issues and the opportunities of the last decade of the 20th century.

We're glad you came our way, sir.

THE PRIME MINISTER. Thank you, Mr. President, for your heartwarming remarks. Mr. President, I wish to convey on behalf of the Japanese people my deepest appreciation to the Government and people of the United States for their expression of sympathy and condolences on the demise of Emperor Showa. The people of Japan are also deeply touched that you and Mrs. Bush will attend the funeral ceremony.

Mr. President, looking back upon the 43 years since the end of the war, I am reminded anew of the friendship and cooperation the American people have consistently extended to us through the years.

Mr. President, I am truly grateful that you have so graciously invited us to Washington at this busy time, so soon after your inauguration.

I appreciate the remarks you have just made on the thoughts we shared in our first meeting. Our first meeting was truly promising in opening the perspective into our future. I believe it marked a new start for U.S.-Japan cooperation, which will serve to help ensure peace and prosperity for the world, as we move towards the 21st century. Fortunately, the basis of our cooperative relationship is firm and sound. The Japan-U.S. security arrangement upon which this relationship rests has never been better. The successful solutions we have been able to achieve regarding bilateral economic issues have demonstrated the resilience of our relationship. Thus, through a dialog, issues between our two countries can be resolved.

In sustaining noninflationary growth of the international economy and in reducing external imbalances in our economies, the President and I shared the view that macroeconomic policy coordination is of crucial importance. I stated to the President that the Japanese economy will continue to grow through strong domestic demand, that imports are expected to continue to increase, and that structure adjustment efforts will be further enhanced. The President stated that he will make determined efforts to reduce the budget deficit.

The world faces a number of challenges, but is rich with promises. In your words: The new breeze is blowing. Mr. President, you and I share the conviction that now is the time for Japan and the United States to further strengthen policy coordination and to joint endeavors in order to create a better world.

We will consult closely on our policies toward the Soviet Union, which offers new challenges and opportunities for East-West relations. We will work together to ensure peace and prosperity in Asia, the Middle East, Central and South America, and other parts of the world. We will work together to strengthen the free trading system and agree to cooperate closely for the progress of the Uruguay round negotiations.

No nation can substitute the United States as the leader of the democracies around the world. I look to you, Mr. President, for wise and firm leadership, and you will have my full support. For my part, I will continue to pursue my diplomatic goal of Japan contributing more to the world.

Japan and the United States have a number of common tasks ahead. Together we must take those initiatives to solve the many problems facing our world. Our meeting today confirmed that if our two peoples work together, hand in hand, there is nothing we cannot achieve.

Thank you very much.

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328. "We Have a Special Relationship With the Japanese"

Statement by Secretary of State Baker, February 19, 1989[6]

Q. Can I just take you to where you're going next week—Asia? You, as Treasury Secretary, talked a bit about the need for some special or different relationship with the Japanese. Now that you're in this job, do you still think we should be seeking some special marriage with the Japanese because they are rich and we're allegedly poor or—

A. I think we have a special relationship with the Japanese. What I was suggesting at Treasury, frankly, was that we find a way to a better dialog with not just the Japanese but the newly industrializing democracies of Asia as well—the Japanese and those newly industrializing democracies—with respect to economic and trade issues particularly.

I think we have a very good relationship with the Japanese. It's an extraordinarily important relationship to both countries, and I think that's evidenced by the fact that the President is attending the funeral of Emperor Hirohito.

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[6] Source: Department of State *Bulletin*, April 1989, pp. 23-24. This exchange occurred during the Secretary's interview on NBC-TV's "Meet the Press" by Garrick Utley, NBC News; Karen Elliot House, *The Wall Street Journal;* and John Dancy, NBC's chief diplomatic correspondent.

329. "Isn't It Miraculous What's Happened Since the War?"

Statement by President Bush, Tokyo, Japan, February 25, 1989[7]

Q. Mr. President, I'm just curious whether you, as a World War II veteran who was shot down not all that far from here, felt any sense of unease yesterday appearing before the coffin and bowing before the Emperor and the new Emperor?[8]

THE PRESIDENT. No, I didn't. And I can't say that in the quiet of the ceremony that my mind didn't go back to the wonder of it all, because I vividly remember my wartime experience. And I vividly remember the personal friends that were in our squadron that are no longer alive as a result of combat, a result of action. But my mind didn't dwell on that at all. And what I really thought, if there was any connection to that, is isn't it miraculous what's happened since the war? And I remember the stories, in reading as preparation for this visit—the visit of MacArthur and the former Emperor here. That was historic, and that set a whole new direction. And MacArthur's decision at that time proved to be correct in terms of Japan's move towards democracy. And so, I honestly can tell you that I did not dwell on that and didn't feel any sense other than my mind thinking of personal relationships and things of that nature, but nothing to do about whether it was right to be here. I was certain from the day that I committed to come here that this was correct for the United States. And perhaps having been in combat in World War II, maybe the decision was more correct; maybe it was more profound to be here. It leaves out my experience.

I'm representing the United States of America. And we're talking about a friend, and we're talking about an ally. We're talking about a nation with whom we have constructive relationships. Sure, we've got some problems, but that was all overriding—and respect for the Emperor. And remember back in World War II, if you'd have predicted that I would be here because of the hard feeling and the symbolic nature of the problem back then of the former Emperor's standing, I would have said, "No way." But here we are, and time moves on; and there is a very good lesson for civilized countries in all of this.

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330. U.S.-Japanese Agreement on Development of the FSX Fighter Aircraft

Statement by President Bush, April 28, 1989 (Extract)[9]

Well, I have a brief statement that I'd like to read. And then at the end of this, why, experts will be available to take your questions.

I'm pleased to announce that the Governments of the United States and Japan have reached understandings[10] that will allow us to proceed with joint development of the FSX fighter aircraft. I'm ready to submit the FSX agreement to Congress for its review.

We've been conducting talks with the Japanese to clarify both sides' understandings of this agreement. I'm convinced that the co-development of this aircraft is in the strategic and commercial interests of the United States. And we weighed this matter from the standpoint of trade, of our industrial growth, and technology transfer, as well as strategic and foreign policy considerations.

This aircraft will improve the basic F-16 design and will contribute to the security of the United States and our major ally, Japan. There will be no cost to the American taxpayer, and at the same time, the Japanese will improve their ability to carry their share of the defense burden. The U.S. will have a 40-percent work share in the initial development stage of this aircraft, and we will have a similar share when the aircraft goes into production.

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[7] Source: *Weekly Compilation of Presidential Documents*, March 6, 1989, p. 244. The President spoke at a news conference which began at 10:30 a.m. at Ambassador Michael Armacost's residence.

[8] Reference is to the Emperor's funeral and to the new Emperor, Akihito.

[9] Source: *Weekly Compilation of Presidential Documents*, May 1, 1989, p. 636. The President spoke at 4:55 p.m. in the Briefing Room at the White House. On May 16, the Senate defeated an FSX blocking resolution by a vote of 52–47.

[10] By an exchange of letters dated April 28, the United States and Japan modified the agreement on the FSX which had been effected by an exchange of notes, a classified memorandum of understanding, and a letter on November 29, 1988.

We did have several initial concerns about the agreement, but I want to assure you that sensitive source codes for the aircraft's computer will be strictly controlled, access will be granted to only those codes that are essential to complete the project.

In conclusion, the United States is the world's leader in aircraft manufacturing. I believe this aircraft will improve the defense of the United States and Japan, and this agreement also helps preserve our commitment that U.S. aerospace products of the future will continue to dominate the world markets.

That's the end of the statement. And thank you all very much.

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331. Balancing U.S. Economic and Security Interests

Statement by the Secretary of Commerce (Mosbacher), May 3, 1989[11]

It is a great pleasure to appear before this committee today, with Secretary Cheney, Deputy Secretary Eagleburger, to discuss the agreement we have reached with Japan to codevelop the FSX fighter plane.

Let me assure you at the outset that, as a result of a thorough interagency review process and clarifications we have received from the Government of Japan, I am confident that this agreement will not harm the economic security interests of the United States.

Nowhere have the issues of defense security and economic security coincided as in the case of the FSX.

As you are all aware, the FSX is an advanced fighter plane that the United States and Japan have agreed to codevelop. In the past, Japan has been licensed to co-produce U.S. fighter planes, as Secretary Cheney has told you. The FSX marks the first time that the United States will assist Japan to jointly design and develop a fighter aircraft.

Because of the technologies involved, the FSX has important implications, not only for our defense security but also for our economic security. The aircraft industry is an essential component of the U.S. economy. The total value of U.S. aircraft sales for 1988 was approximately $32.6 billion. Last year alone, U.S. aircraft manufacturers sold $2.7 billion worth of aircraft and associated equipment to Japan. In fact, we have sold more aircraft to Japan than any other product since 1985.

Japan has long been interested in developing a commercial aerospace industry. Yet this is one of the few industries where Japan's targeting efforts have not been successful.

For whatever reasons, Japan has not been able to develop an internationally competitive commercial aircraft industry based on indigenously designed products.

Over the past few months, there has been considerable discussion of whether the knowledge Japan may gain from codevelopment of the FSX can be transferred to civilian aircraft production. I believe we would have been remiss as a Government if we had not taken Japan's aspirations in the aerospace sector into account in structuring our cooperation on the development of the FSX. I am confident that the agreement in this current form does that.

Japan is a close defense ally, and our security relationship is a cornerstone for maintaining peace in the Pacific. At the same time we must recognize that while Japan is a close trading partner, it is also an economic competitor.

More than ever, technology is our means of maintaining economic growth, producing jobs and creating wealth in the future, and is therefore essential to our economic security. This administration is determined to ensure that we maintain a technologically advanced industrial base that is second to none.

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[11] Source: *United States-Japanese Security Cooperation and the FSX Agreement: Hearings and Markup Before the Committee on Foreign Affairs and Its Subcommittees on Arms Control, International Security and Science, on Asian and Pacific Affairs, and on International Economic Policy and Trade, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 69–71. Stephen J. Solarz, chairman of the Subcommittee on Asian and Pacific Affairs, presided over the session. The purpose of S.J. Res. 113 was to prohibit the export of certain technology, defense articles, and defense services to Japan in connection with the codevelopment and coproduction of the FSX with Japan. Text is *ibid*, pp. 347–353.

I am convinced that it is possible to proceed with defense cooperation agreements such as the FSX without compromising our economic security, as long as we are careful to promote both objectives.

The two goals need not be mutually exclusive. They are really coequal elements of our national security. We should be able to construct cooperative agreements that promote them both.

This is exactly the challenge that we have had to face with the FSX agreement. Early in the new administration, the President asked the Departments of Commerce and Defense to conduct a thorough interagency review of the project. This review focused on the implications of the FSX for the U.S. industrial base and competitiveness within the context of the security objectives of the agreement.

As a result of this review, we sought and obtained clarifications of the original memorandum of understanding in the following areas:

We made it clear that U.S. companies would have approximately a 40 percent workshare in both the research and development phase and the production phase of the project.

We made the technology transfer provisions more specific to ensure that technology transferred to Japan is appropriately limited and carefully controlled.

We obtained a clear commitment from the Government of Japan that there will be a significant technology flowback from Japan to the United States, and identified specific technologies of interest to us as well as conditions of access.

In clarifying the terms of FSX codevelopment with Japan, we have found it possible to proceed with defense cooperation without compromising our economic security. I am convinced that the agreement we have reached allows us to achieve both objectives.

At the same time, the agencies involved in the project review agreed to ensure that we fully discharge our responsibilities under the 1988 Defense Authorization Act[12] and other authorities to ensure that such agreements do not adversely affect our industrial base and competitiveness.

That calls for the Secretary of Defense to solicit and consider information or recommendations from the Secretary of Commerce concerning the effects on the U.S. industrial base of proposed defense-related agreements between the United States and foreign governments.

As a result of this, I can assure you that the Commerce Department will participate fully in the oversight process for the FSX agreement.

Speaking candidly, one of the areas of FSX implementation the Commerce Department will be most closely involved in is the oversight of technology transfer to Japan.

The agreement we have reached with Japan has certain parameters governing the technology we will transfer in the course of our cooperative effort.

Commerce and Defense will be actively involved in the technology transfer process to ensure that those parameters are fully respected and that this technology is not used for other than intended purposes.

Another aspect of the agreement we will be watching very closely is the flowback of technology from Japan. We want to ensure that the flow of technology between our two countries is a two-way street.

We have received clarifications from Japan regarding the technologies we will have access to under this agreement as a result of these clarifications. I am satisfied that our access to Japanese technologies under this agreement is adequate.

From this time forward, the industrial base aspects of proposed defense cooperation projects with other nations will be weighed along with the defense considerations to ensure that such projects are in our national interest.

Our nation cannot be strong militarily if it is not strong economically. The process established by the President for balancing these interests will help us ensure that the defense cooperation projects we enter into with other countries—such as the FSX project with Japan—are in the economic and military interests—which collectively make up our security interests—of the United States.[13]

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[12] For text of the National Defense Authorization Act for FY 1989, P.L. 100-456, approved September 29, 1988, see 102 Stat. 1918.

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332. U.S. Action Against Foreign Trade Barriers

Statement by President Bush, May 26, 1989[14]

Today the United States Trade Representative[15] will submit to the Congress a report concerning actions to be taken under the so-called Super 301 provisions of the Omnibus Trade and Competitiveness Act of 1988.[16] Those provisions provide that priority practices and countries shall be identified for the self-initiation of investigations under section 301.

I have discussed this matter extensively with Ambassador Hills and the other members of the Economic Policy Council. We agreed that the Super 301 provisions should be used (1) as a tool to open foreign markets and (2) in support of the objectives of the United States in the ongoing Uruguay round of trade negotiations of the General Agreement on Tariffs and Trade. This approach is designed to be consistent with the intent of Congress in drafting the legislation.

The list below indicates the specific priority practices and countries that can most effectively be the subjects of investigations under section 301. The priority practices are grouped under headings that correspond to major types of trade barriers and distortions the United States is working to eliminate in the Uruguay round. The priority countries have been selected on the basis of the number and pervasiveness of significant barriers to U.S. exports.

SUPER 301 PRIORITY PRACTICES AND COUNTRIES

Quantitative restrictions/import licensing	
1. Licensing of agricultural and manufactured products	Brazil
Government procurement	
2. Satellites	Japan
3. Supercomputers	Japan
Standards	
4. Forest products	Japan
Services	
5. Insurance	India
Investment	
6. Investment restrictions	India

A satisfactory resolution of the above issues will significantly advance the objectives of U.S. trade policy. Our goal is to open markets and to eliminate trade barriers. We oppose protectionism in any and all forms. Therefore, I urge the Governments of Japan, India, and Brazil to work constructively with us to resolve these issues expeditiously. The process of investigating and negotiating with priority countries on each of the priority practices will begin by June 16.

We also considered carefully a large number of practices that are not listed. In several cases, we decided that we could best pursue remedying these practices multilaterally in the GATT or in the Uruguay round of trade negotiations. Two examples are EC airbus subsidies and Japanese rice quotas.

The Uruguay round of the GATT continues to be the centerpiece of our trade strategy. While the lack of effective multilateral rules and enforcement mechanisms has forced us to resort to section 301, we look forward to the day when such actions will be unnecessary.

Finally, I want to announce today a separate administration initiative with Japan. I have directed the Secretaries of State and Treasury and the U.S. Trade Representative to form a high-level committee to include Commerce, Labor, and other interested agencies to propose negotiations with Japan on structural adjustment matters. Such matters include structural impediments to trade, balance-of-payments adjustment, and such issues as bid-rigging, market allocation, and group boycotts. These negotiations would initially focus on major structural barriers to imports, such as rigidity in the distribution system and pricing mechanisms. The negotiations sought by the United States in this Structural Impediments Initiative will address broader issues and will take place outside section 301, which appropriately deals with the investigation and resolution of particular unfair trade practices.

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[13] President Bush notified the Senate on July 31 that he vetoed S.J. Res. 113. On September 13, the Senate failed by one vote (65–34) to override this veto. For text of his July 31 message, see *Weekly Compilation of Presidential Documents*, August 7, 1989, pp. 1191–1193.

[14] Source: *Weekly Compilation of Presidential Documents*, June 5, 1989, pp. 777–778.

[15] Carla A. Hills.

[16] P.L. 100–418, approved August 23, 1988; 102 Stat. 1107.

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333. "We're Friends, and We've Been Through a Lot Together"

Statement by President Bush, July 6, 1989[17]

Q. Sir, the polls show that the Japanese people are rather upset about your naming Japan as the Super 301 [provision of the Omnibus Trade and Competitiveness Act of 1988][18] priority country. Do you still think the Super 301 process is worth the risk of antagonizing the people of Japan, for example?

THE PRESIDENT. Well, certainly we don't want to antagonize the people in Japan. I have certain responsibilities under our law, and I've fulfilled those responsibilities, I think.

But let me say this to the Japanese people if you will. I am convinced that we can avoid further tension through serious negotiation on this whole subject—301 matters. I'm convinced that if we negotiate openly and fairly that we can avoid any exacerbation of these difficulties that you properly say exist. We have plenty of problems with Japan in terms of access to market. And neither you nor I have enough time to spell them all out here. But it is because we have these difficulties in getting access to Japanese markets, for example—that doesn't mean that we are going to be in some big sulk around here.

What we're going to try to do is sit down through serious negotiations and work out the difficulties. And I'm confident that we can do that. The Japanese-U.S. relationship is very, very important to the United States. And my interest has to be, above all, what is in the national interest of the U.S. And one thing that's in the interest of the U.S. is a strong relationship with Japan.

So, I don't worry about it. I don't like it when we have difficulties that arise on this case or that or in, as you raise, this whole matter of 301. But we can overcome that. We're friends, and we've been through a lot together, and that relationship will be strong tomorrow.

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334. Transponders and the U.S.-Japan Driftnet Fishing Agreement

Statement Issued by the Department of State, July 20, 1989[19]

Q. What are the provisions in the new driftnet fishery agreement with Japan relating to transponders?[20]

A. Japan has agreed to install satellite transmitters on its enforcement and/or research vessels operating in the North Pacific, including the Japanese squid driftnet fishing areas, for the purpose of supplementing the planned U.S. tests of the effectiveness of the devices in the 1989 fishing season. A team from the United States is in Tokyo this week to discuss, among other issues, the deployment of the transmitters.

If it is proved appropriate, after consideration of the results of the 1989 tests, and considering the views of the United States and Canada, the Japanese Government will ask the squid driftnet fishing vessels to install a substantial number of satellite transmitters in 1990.

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[17] Source: *Weekly Compilation of Presidential Documents*, July 10, 1989, pp. 1031–1032.

[18] Brackets in the source text.

[19] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to a question asked at the Department of State Daily Press Briefing earlier that day.

[20] The U.S.-Japan Agreement on Driftnet Fishing was signed in July 1989.

335. The U.S.–Japan Structural Impediments Initiative

Joint Statement by President Bush and Prime Minister Uno, Paris, July 14, 1989[21]

President Bush and Prime Minister Uno reviewed a range of bilateral and multilateral economic issues of mutual interest. They reaffirmed their commitment to work closely together to promote continued economic growth with low inflation, expansion of international trade and further reductions in current account imbalances. In this connection, they reaffirmed their commitment to economic policy coordination and noted the progress that had been achieved within this framework toward the above objectives.

In addition, President Bush and Prime Minister Uno agreed to complement the ongoing efforts by launching a new initiative. They agreed on a U.S.–Japan Structural Impediments Initiative to identify and solve structural problems in both countries that stand as impediments to trade and balance-of-payments adjustment with the goal of contributing to the reduction of payments imbalances. They agreed to establish a joint interagency working group to undertake these talks. The President and the Prime Minister have appointed trichairmen who will chair these meetings, which will be held at the sub-Cabinet level. These talks will take place outside Section 301 of the U.S. Trade Act. The bilateral working group will present a joint final report to the heads of government within a year, with an iterim assessment to be made in the spring of 1990.

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336. "Ours Has Been a Highly Productive Meeting"

Statements by President Bush and Prime Minister Kaifu, September 1, 1989[22]

THE PRESIDENT. Mr. Prime Minister, and ladies and gentlemen, an old proverb says, "The foundation for a better tomorrow must be laid today." Mr. Prime Minister, you and I are here today to shape tomorrow. And on America's behalf, let me welcome you to this country.

When I was in Japan earlier this year, I observed how ties, national and personal, bind our two peoples. Your visit reaffirms those ties and underscores this commitment by you and your government to the continued health of our historic friendship. That friendship lives and grows, as today's meeting evidenced. But while we met as new friends, our talks were conducted like old friends. And they were characterized by cordiality, a positive atmosphere and understanding, and by broad agreement on the major items of our bilateral and international agenda. For that, Mr. Prime Minister, I credit the good will and perspective that you brought to these discussions and the enduring partnership between our two governments.

That partnership is based on shared interests and mutual respect, and rests on our belief that together we can be a global force for peace and prosperity. This global partnership works in several ways. First, as in past meetings between our nations' leaders, the Prime Minister and I affirmed that the treaty of cooperation and mutual security is vital not only to our joint security but to the stability of the entire Asia–Pacific area. And in that context, we agreed that this alliance will continue to be crucial to the region's future. And we vowed to continue to consult closely on all aspects and arrangements of our security partnership and shared responsibility for peace and stability.

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[21] Source: *Weekly Compilation of Presidential Documents*, July 24, 1989, p. 1098. Sosuke Uno became Prime Minister of Japan on June 5. The President and the Prime Minister were in Paris for the economic summit and the bicentennial of the French Revolution.

[22] Source: *Weekly Compilation of Presidential Documents*, September 4, 1989, pp. 1288–1290. The President spoke at 1:43 p.m. at the South Portico of the White House. Prime Minister Toichi Kaifu spoke in Japanese, and his remarks were translated by an interpreter. The Prime Minister had assumed office on August 9.

And second, the Prime Minister and I discussed how we can promote peace and prosperity through greater freedom—economic and political—around the world. Already we've joined to support the multilateral assistance initiative for the Philippines launched in Tokyo in July. And today we restated our intent to encourage still more open economic and political systems and, specifically, to support recent political and economic reform in Eastern Europe, notably in Poland and Hungary. And we also discussed the situation in China, for as I've said before, we seek to preserve our relations there while endorsing the legitimate aspirations of the Chinese people for political expression.

And then a third area of agreement concerns how diplomacy can help resolve regional conflicts. America and Japan, with others, will continue to urge a comprehensive settlement that gives the people of Cambodia both security and the ability to choose their own government. We agreed, too, to accelerate our efforts to protect our citizens against international terrorism.

And in particular, we repeated the mutual commitment to aviation security that we made at the summit in Paris, and pledged to pool our technical and economic resources to combat all forces of terrorism that affect civil aviation.

And finally, the Prime Minister and I discussed our economic relationship at great length. And we are mindful that our economies are the world's largest. And we know that the health of our relationship partly depends on bringing our economic relationship into better balance. The Prime Minister confirmed the agreement I reached with his predecessors at the Paris summit to launch talks on structural impediments, and these discussions will begin in a few days. And I stressed to him the importance that we attach to the success of those talks and to the trade committee talks which will also occur next week. And I share the Prime Minister's belief that, while Japan is noted as an exporting superpower, the time has also come for Japan to be an import superpower. Each of us desires that these discussions produce results which further strengthen our economic relationship and open the world trading system. To advance that goal, we restated our commitment of the success of the Uruguay rounds, and we also vowed to continue our frequent consultations at all levels on other international economic and trade issues.

In sum, Mr. Prime Minister, ours has been a highly productive meeting—one which will enhance the broad U.S.-Japanese agenda. A writer once observed friendship is a sheltering tree. Because of ties which prosper and a partnership which endures, both the United States and Japan have been, I believe, and will remain better for its shade.

Mr. Prime Minister, we have a mature, effective working partnership. And with you at the helm, I know the partnership between Japan and the United States will produce positive results. I look forward to seeing you again. And thank you very, very much for honoring the United States by this very, very early visit in your Prime Ministership.

Thank you, and good luck, sir.

THE PRIME MINISTER. Mr. President, I wish to express my heartfelt gratitude for your heartwarming hospitality and kind words. This is my first visit as Prime Minister, and I have just completed my first meeting with the President. Nevertheless, I was able to conduct talks with the President as if I were meeting an old friend, which I believe is because the Japan–U.S. relationship rests on a solid foundation laid down by the strenuous endeavors of both Japanese and American peoples over these many years. I conveyed to the President my conviction that the Japan–U.S. relationship is the cornerstone of Japan's diplomacy and that it shall continue to be so.

The President and I confirmed that we shall firmly maintain the Japan–U.S. security arrangements which are the basis of our bilateral relations. The President and I shared a view that cooperative Japan–U.S. relations based on the Japan–U.S. security ties are indispensable for the peace and stability of the Asia-Pacific region, including Japan.

At the same time, the solution of various economic problems that arise between our two countries because of our close ties requires effort on the part of both Japan and the United States, and it is important to continue efforts and joint collaboration toward their resolution.

I conveyed to the President my thinking that Japan will continue to promote appropriate macroeconomic policies as well as structural reform and make efforts for expanding imports. I expressed my appreciation to the President for his continuing efforts to reduce the budget deficit, improve the savings rate, and strengthen competitiveness. In this connection, I expect the structural impediments initiative between Japan and the United States, which will start shortly, to bear significant outcome.

Japan and the United States share such fundamental values as freedom and democracy and are partners sharing major responsibilities in global tasks. Japan and the United States must join forces in dealing with many broad issues related to world peace and prosperity, such as management of world economy, problems of debts in the developing countries, relief for starvation, efforts for strengthening the free trade system such as the Uruguay round, resolution of regional conflicts, protection of human rights, international cooperation for the prevention of terrorism, and the eradication of drugs.

The President and I expressed our common determination to actively shoulder responsibilities in a manner commensurate with our respective abilities under such global partnership. In this connection, the President and I shared the view that further importance must be placed on international cooperation for the preservation of the global environment. My present visit will take me to Mexico and Canada where I intend to discuss the global environmental problems with their leaders. And as a program symbolizing Japan–U.S. cooperation in development issues such as combating poverty in the world and relieving hunger, I proposed to the President the establishment of a Leland Memorial Program for International Development in commemoration of the ideals and achievement of the late Congressman Leland, and obtained his support.[23]

I stated to the President that my ideal in politics is the realization of a more equitable and humane society and that, to this end, I believe it crucial to advance political reform and to promote reforms for improving the Japanese people's quality of life with an emphasis on the views of consumers. I strongly emphasized with the President, who is not relaxing with the success of the United States, but is implementing realistic policies aimed at realizing the gentler and kinder society, Japan and the United States are facing common challenges to realize their aspired societies.

For example, the role of education, which brings up the generation which will shoulder tomorrow's responsibilities, is very important for both Japan and the United States. I stated to the President that deepening discussion on those tasks, including the problem of education, is useful for Japan and the United States and that such discussions will also lead to enhancing genuine mutual understanding between the two countries.

I believe the President strongly supports my views. I am convinced that the expansion of such an indepth dialog is precisely what is needed to add another important dimension to our bilateral relationship. I believe the last decade of the 20th century, which is called the century of war and revolution, should be devoted to laying the groundwork for a 21st century filled with peace and prosperity for all. To this end, I am determined to fulfill the role that Japan should play in the world on the basis of close and cooperative Japan–U.S. relations.

Thank you very much.

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337. Global Partnership

Address by the Under Secretary of State for Political Affairs (Kimmitt) Before the Foreign Correspondents Club, Tokyo, October 9, 1989 (Extracts)[24]

When he addressed the Asia Society last June, Secretary of State Baker said that our relationship with Japan has become a "global partnership."[25] By virtue of our combined economic strength, our steadfast security relationship, and our common adherence to political and economic freedoms, the United States and Japan, working together, constitute a force for positive change throughout the world.

As we pursue our global partnership, we recognize that our abilities, our experience, and our political contraints are different. But our goals are similar. That led the Secretary to propose a second important concept—"creative responsibility-sharing"—by which Japan and America, working together, would contribute to the world, each in its own way.

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[23] Congressman Mickey Leland of Texas was killed in a plane crash in August 1989.

[24] Source: Department of State files.

[25] See Document 282.

Now only a few months later, that characterization of our relationship—global partnership and creative responsibility-sharing—is common usage on both sides of the Pacific, our common ocean.

These words provide a new, sharper focus to our relationship. And yet we often repeat them without explaining their content. Today, as I conclude my first major overseas trip since being sworn in as Under Secretary of State, I would like to talk about how the United States and Japan are pursuing this global partnership to give some thoughts about future directions, to fill in the details.

. . . .

The first is our security relationship. The U.S.–Japan Treaty of Mutual Cooperation and Security[26] is central to our friendship and to our global partnership. It is more than a piece of paper; it is a structure of mutual trust, built over years with hard work and good will. Our defense ties, our bases in Japan, the support for them Japan provides, Japan's important self-defense efforts—all have been key to the people of Japan and the Pacific living in peace, with the opportunity to pursue a better life. Make no mistake about it; our security relationship is a vital part of our global partnership.

On a personal note, it was our security relationship that first brought me to Japan almost 20 years ago, when I transited Yokota Air Base en route to a combat tour in Vietnam. It gives me particular pride to return to Japan at a time of such growth for the Pacific as a whole—growth that I believe was spurred in part by the sacrifices made and assistance rendered during the Vietnam era.

The second pillar is our cooperation in the foreign policy area. Indeed even more cooperation has been a major purpose of my visit to Japan—to engage in wide-ranging discussions with officials of the Japanese Government about changes taking place in the world, and how our two countries, working together, can make the most effective response to them. Foreign Minister Nakayama and Secretary of State Baker met twice in the last month alone, and Vice President Quayle just completed a very successful 6-day visit to Japan. It is hard to think of any area of the world they did not discuss. More important than simply consulting about issues, however, is agreement and joint action. Japan and the United States are tough minded. Neither is willing simply to follow along. We both thrive on active give and take. With that, it is still safe to say that the degree of congruity—or perhaps harmony would be a better word here in Japan—between our foreign policy views is as close as we have anywhere in the world.

The third pillar is our ever increasing cooperation on economic assistance to the developing world. This encompasses both official development assistance—foreign aid—and debt relief. Together our annual aid levels total nearly $20 billion. With aid programs of this magnitude, it is important that we coordinate our efforts closely for maximum effectiveness. The Multilateral Assistance Initiative (MAI) for the Philippines, recently launched in Tokyo, is thus an important precedent and a mutual achievement. We both view this initiative as a model and a road map for future aid cooperation. Economic growth in the developing world is the only sure way to ensure global stability and prosperity. The United States and Japan, working together, will be a powerful force for economic growth, political freedom, and peaceful change.

One critical issue before the United States right now is Eastern Europe. We view East-West issues as an increasingly important aspect of the U.S.–Japan dialog. We know Japan and the United States together can play a substantial role in assisting the remarkable transitions under way in Poland and Hungary toward political and economic freedom. The success of these two East European countries is vital to our shared goal, recently articulated by President Bush, of moving the world "beyond containment" and away from the framework of the cold war period.[27]

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[26] Signed at Washington January 19, 1960, entered into force on June 23, 1960; see 11 UST 1632.

[27] See Document 179.

The fourth pillar of our global partnership is our bilateral economic relationship. Many people think of our trade ties as the sore spot in our relationship. Indeed the never-ending tensions in U.S.–Japan trade divert attention from the global partnership that we are building. Yet when viewed from an international perspective, it is equally clear that our economic relationship is a source of strength for the world as a whole.

Ours is the largest and most complex economic relationship in the world. We are the world's two largest economies, accounting for 40% of the world's GNP. We are the world's two greatest financial powers and the world's technological leaders. We are two of the world's greatest exporters and two of its greatest importers. And, as I said earlier, we are the world's two largest aid donors. In short we are the dynamos of the world economy. Our task is to ensure that our economic relationship clearly serves as a positive force in the world. It is impossible in such an enormous and complex relationship to avoid friction. There will always be problems of one sort or another. That should not surprise or distress us. But at the same time, these problems need to be resolved constructively by applying principles of free, competitive trade, without an effort to identify or gain advantage. And our outstanding problems need to be resolved quickly, before they become political issues that could damage our global partnership just as it begins to blossom.

We simply must find better ways to manage the bilateral economic aspect of the U.S.–Japan partnership. Just as our economies have undergone important structural changes, so, too, our relationship has experienced fundamental structural changes over the past decade. Much of the tension and acrimony in both countries reflects our mutual difficulty in adjusting to these new realities.

Japan's status as a global power brings new responsibilities. Japan plays an ever greater role in international financial and political institutions. We welcome and encourage that. By the same token, Japanese society is under pressure to internationalize in every sense of the word. Despite the recent and sad passing of its author, the Maekawa report continues to provide an effective blueprint for changes in Japanese economic policies and practices. For our part, the U.S. budget and trade deficits are simply not sustainable, politically or economically. We must increase our savings rates, live more within our means, and strengthen our global manufacturing competitiveness. I can assure you that we are as keenly aware of these requirements as any Japanese critic.

To deal with the impediments to adjustments in both our economies, the United States proposed the Structural Impediments Initiative (SII), and President Bush and then Prime Minister Uno agreed to these talks at the Paris summit. In the SII talks, which both sides have agreed are a two-way street, we are trying to help both our societies make the adjustments necessary to correct the economic imbalances in our relationship.

Another important component of our bilateral relationship is technological cooperation. Access to American technology was an essential ingredient of the growth of Japan's economic dynamism. Today the United States and Japan are recognized as the world's technological leaders. And technology will continue as a major source of our respective national strengths in the future. Neither of us can afford to succumb to the protectionist threat of technonationalism. Nor can we fail to offer intellectual property adequate protection, the lack of which can be just as numbing to the flow of technology across the Pacific. We should find appropriate ways instead to facilitate that flow. This is why the FSX agreement must be successfully implemented by both sides.

The fifth pillar of our global partnership—indeed, its foundation—is our common adherence to democratic values and human rights. It is no accident that the world's most successful economies are not only market economies, they are also democracies. It is no accident that with the economic growth in the developing world comes greater popular demands for political and social freedoms. And it is no accident that the Communist nations of the world increasingly are recognizing the economic failures of their system and that their peoples also recognize what is wrong and are demanding greater political and economic liberties. We Americans believe that we have a special role in the world—indeed, a responsibility—to promote political and economic freedoms. And we have not hesitated to tell others what we think, in public and in private. In Japan, I am told, it is considered impolite to criticize others, especially in public. Still, if our global partnership is to serve a larger purpose, we must be willing to state clearly what we believe and why we believe it. It becomes our common duty to encourage and promote greater political and economic freedoms and human rights around the world.

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338. Renewal of U.S.-Japan Fishing Agreement

Message From President Bush to the Congress, October 30, 1989[28]

To the Congress of the United States:

In accordance with the Magnuson Fishery Conservation and Management Act of 1976, as amended (Public Law 94-265; 16 U.S.C. 1801 *et seq.*, "the Act"), I transmit herewith an agreement effected by exchange of notes, October 6, 1989,[29] extending for the period of 2 years from December 31, 1989, until December 31, 1991, the Agreement between the Government of the United States and the Government of Japan Concerning Fisheries off the Coasts of the United States, signed at Washington on September 10, 1982. The exchange of notes, together with the present agreement, as amended, constitute a governing international fishery agreement within the meaning of section 201(c) of the Act.

Several U.S. fishing industry interests have urged prompt consideration of this agreement. Because of the importance of our fishing relationship with Japan, I urge that the Congress give favorable consideration of this agreement at an early date.

Since 60 calendar days of continuous session, as required by the legislation, will not be available before the current agreement is scheduled to expire, I recommend the Congress consider passage of a joint resolution approving the extension.

GEORGE BUSH

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339. U.S. Trade Deficit With Japan

Address by the Under Secretary of State for Economic Affairs and Agriculture (McCormack) Before the Conference on U.S. Perspectives, October 30, 1989 (Extract)[30]

. . . .

Another challenge to the trading system is the stubbornly wide payments imbalances between countries, imbalances that pose increasing dangers if not corrected. I am speaking particularly, of course, of the U.S. trade deficit and the trade surpluses of Japan, West Germany, and certain others. Those imbalances were described at the Paris economic summit as unsustainable. And, indeed, they are.

In one of his final speeches as Secretary of State, George Shultz pointed out that the United States could not indefinitely run trade deficits and that ultimately the United States would have to run a trade surplus—a large trade surplus—to pay off the indebtedness which we have run up, the cost of essential imports, and the repatriated profits that will flow from foreign investment here.

This obvious but central fact has not really sunk in either domestically or internationally. Who wants to think about chilly weather during a glorious Indian summer?

To accomplish what will be required of us, we as a nation will have to save more, spend less, invest more, pour more resources and imagination into a modernized educational process and into research and development. We will also have to improve on one shortcoming that is pointed out to us by our Japanese friends; namely, our ability to turn our many technological breakthroughs into world class products ahead of the competition.

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[28] Source: *Weekly Compilation of Presidential Documents*, November 6, 1989, p. 1642.

[29] Office of the Legal Adviser files, Department of State.

[30] Source: Department of State files.

That's the part we will have to do domestically. At the same time, we are going to have to continue a major sustained effort to open up to a greater degree the domestic markets in Japan and other surplus countries, something very much in the mind of our colleagues at the U.S. Trade Representative's office and elsewhere in the executive branch. We are hoping that the structural impediments talks with the Japanese will also make a contribution to this effort over time.

Japan is frequently cited by American trade experts, not because there are not problems elsewhere but because there is an imbedded trade deficit exceeding $50 billion a year that has thus far been immune to our currency realignment measures and other efforts to be more competitive.

Trade practices, which were not unduly unsettling during the immediate postwar period when we were helping Japan to get back on its feet, become far less acceptable when they involve what is now one of the largest economies in the world.

What troubles us? Such things as a percentage of U.S. exports to Japan of semiconductors which remains fixed at about 10% of market share regardless of the relative state of the dollar and the yen and regardless of the condition of the economy. It is clearly a managed percentage. And it is not an isolated example.

The patent system of Japan is also troubling to us, as it operates in such a way as to limit the ability of overseas and, indeed, Japanese investors to protect and market their inventions. Corning Glass's difficulties with its fiber optics technology is a case in point.

Petty harassment of imports is another impediment, including such things as the individual inspection of roses at customs which does not exactly encourage the large-scale import of flowers. This latter obviously affects the exports of Colombia more than the United States, but it is symptomatic of a broader problem. The customs system is simply not geared for the efficient processing of many imports.

An antiquated small-scale distribution system tied to local manufacturers and bid rigging on an impressive scale are additional problems we are trying to address in the strucural impediment talks.

Now, at this point, I would add that many of these problems are very familiar to me as a historian, because they are broadly reminiscent of past U.S. trade and economic practices which go back to the 1920s in some cases.

In fact, if you look a bit, you will find many parallels between Japan of today and the United States of the 1920s. Both were newly emerging economic giants with limited national consciousness of their real role and responsibilities in the world economy. Both emerged during major international debt crises, the United States during the post-World War I debt crisis; Japan during the more recent one.

The trading policies of both countries were driven by mercantile considerations; both were governed by center right parties; both were characterized by a certain amount of highly speculative economic activity. We had our Florida land boom (and bust); Japan of today has seen land prices rise to stratospheric heights, to the point that the tiny island in Tokyo upon which the Emperor has his palace and grounds is worth more than half the State of California.

Fortunately the world has learned a great deal since 1929, so I would expect the parallels to end differently. But when I read last Thursday[51] in the lead item of *The Wall Street Journal* about Japan's massive current capital expansion plans, even in those industries where there is existing overcapacity, I know that all involved will want to beware of the problem identified by Kondratief more than a half century ago; namely the potential for overcapacity in production to impact upon sustained economic growth.

If I were a Japanese planner at this point, I would be thinking a bit more about the need for greater public investment in Japan, more and better highways, better housing for the people, and a better deal for the consumers of the nation.

As I stated clearly at the outset, I am optimistic as I look to the future. We have made substantial progress on our trade and budget deficits; our autos and many other products are far superior to those we were producing a decade ago. We have won the world battle for free market economies, and that inevitably means greater prosperity for more people, including customers for U.S. exports in the years ahead.

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[51] October 26.

The only things we have to do to ensure that this beautiful and productive garden continues to bloom and produce are to remove the weeds on a timely basis and make sure that enough fertilizer is added periodically.

It is a fascinating time to be involved with international economics, and it has been my pleasure to have been with you this morning.

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340. "Improvement in the U.S. Trade Account Has Slowed"

Press Conference by the Under Secretary of State for Political and Economic Affairs (McCormack) and the Japanese Deputy Foreign Minister for Foreign Affairs (Watanabe), November 4, 1989 (Extract)[52]

. . . .

MR. MCCORMACK. . . . Yesterday and today, the United States and the Japanese senior government officials held talks on economic issues. These consultations were led by me on the U.S. side and by Deputy Foreign Minister Watanabe for Japan. The U.S. participants also included Deputy Secretary of STR Williams; Commerce Under Secretary Farren; Agricultural Under Secretary Crowder; CEA member Taylor; and senior representatives from the Treasury, Labor, Energy, AID, EPA, and our Embassy in Tokyo.

These Economic Subcabinet Consultations are held twice a year. The last was held in June in Kawana, Japan. The subcabinet forum provides an opportunity to review the overall economic relationship. Frankly, our economic relationship is so broad and flows through so many different channels that it is impossible to address all aspects of that kind of an interrelationship and deal with bilateral concerns at the same time at the same meeting. But we did discuss many of them. But as befits the informal nature of these regular consultations, our discussions were frank and friendly.

We found that both economies had been performing well. Japan's economy had been growing at a rapid rate, spurred by domestic demand. This has resulted in a strong increase in Japanese imports. For example, U.S. exports to Japan alone increased by 34% in 1988 and are up by another 19% in the first 8 months of this year. Japan's overall current account and trade surpluses declined in 1988 and appear likely to fall again, by a small margin, in 1989. At the same time, Japan's exports continue to grow and are up 8% to the United States so far this year.

The U.S. economy has also grown, but at a more moderate pace, thus also contributing to external adjustment. Our trade deficit improved by 22% in 1988 compared to 1987 and was down a further 7% in the first 8 months of this year.

We expressed concern, however, about future trends. Improvement in the U.S. trade account has slowed. And recent projections point to the likelihood of continued large and even growing trade and current account surpluses in Japan. We both spoke of the need for appropriate macroeconomic policies in both countries to continue to reduce our respective imbalances.

We stressed the importance of concrete progress in the Structural Impediments Initiative talks, the second session of which will take place here on November 6 and 7. We also noted the importance of similar progress in a number of sectoral trade discussions currently underway.

The Japanese side expressed their concern about possible legislative restrictions in the United States on foreign investment. We reaffirmed the administration's investment policy, which is an open investment policy, but added that a warmer welcome in Japan for foreign investment would make it easier for us to preserve our own open investment policy.

In our discussions on energy, we encouraged the Japanese to purchase more American coal. We expressed our hope that Japan would soon untie more of its development aid, both formally and informally. We also exchanged views on fishing issues.

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[52] Source: Office of Press Relations, Department of State.

We did not just talk about bilateral concerns, however. I came away from these discussions impressed with the breadth of our economic cooperation and the potential of our economic global partnership to make this a better, safer, more prosperous world.

We discussed our cooperation on the global environment, on the Uruguay Round of multilateral trade negotiations, the Third World debt, and development assistance, for example. We also had extremely useful discussions on the implications of EC 1992, the Asia–Pacific Cooperation Ministerial to be held in Canberra next week,[35] and the truly momentous events now occurring in Eastern Europe.

I'll be happy to go into these issues in more detail, but, first, let me turn to my friend, Koji Watanabe, for his impressions of the consultations.

MR. WATANABE. . . . With the cooperation of Dick McCormack, the American Chairman, I think we've had a very useful discussion for the past day and a half. What struck me most throughout these constructive talks was the interdependence of two economies—Japan and the United States—and the global partnership is not just rhetoric but based on facts. The maintenance and enhancement of that partnership is felt to be of vital importance for the development of the world economy and to effectively challenge the type of problems that we are facing—the environment, and the Uruguay Round, other problems of developing countries.

We share the same objective and we share the conviction that without cooperation, progress cannot be made.

We discussed the Asia–Pacific situation, particularly the significance of the first ministerial talks on the Asia–Pacific, which is going to be held in Canberra in a few days. We discussed also the Eastern European situation, which is of great importance not only for the United States and Japan, but in fact for the whole world.

Needless to say, the bilateral relations between Japan and the United States on economic affairs are very important. We continue to be concerned about the imbalance of our respective countries in external trade.

We have emphasized the fact that the current account surplus of Japan has been steadily decreasing in terms of the rate to the GNP. The surplus of the current account in terms of the GNP in 1986 was 4.5%; but for the year 1989—the fiscal year—it is projected to be about 2.2%, a decrease of more than 50% in terms of the ratio to GNP of the Japanese surplus of the current account.

The trade imbalance between Japan and the United States has registered a modest improvement, but it is encouraging to note that imports from the United States have increased substantially. A $10 billion increase of imports from the United States was registered last year. For this year, from January–August, the rate of increase of Japanese imports from the United States is 18.8%. Japan would continue to make efforts to sustain the expansion of domestic demand as well as specific efforts to increase imports. We expect, as Dick and the American participants in the consultation emphasized, that the United States is expected to continue its efforts to cut the budget deficit which has a significant effect on the decrease of the trade deficit of the United States.

I have heard with great interest—a figure was mentioned—the cut of $1 of the Federal budget would result in the cut of 50 cents of the trade imbalance—of the trade deficit.

The specific outstanding issues, of which we have some, between Japan and the United States, we have agreed to resolve these questions on the basis of a spirit of cooperation and joint endeavor.

We have managed in the past to resolve the questions of tobacco, the beef and citrus, and telecommunications. We have proven our ability to be able to resolve these questions, because the cost and pain to resolve these questions is much less than the damage and cost of not being able to resolve these questions—damage not only for Japan and the United States but for the whole world economy.

We have been very encouraged by the commitment on the part of the United States, of the determination to cut the Federal budget deficit of the United States; the objection to what is called the "managed trade system"; and the continued support to the Japanese investment in the United States.

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[35] See Documents 284 and 285.

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341. "Progress Was Far Less Than We Had Hoped For"

Department of State Press Briefing, November 7, 1989 (Extracts)[34]

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MR. DALLARA. . . . We have just completed 2 lengthy days of discussions with the Japanese Government on a broad range of structural issues in the two economies. Indeed, many agencies were represented by this Japanese team as was the case on the part of the United States as well.

Yesterday, we concentrated on the items of interest to our Japanese colleagues, issues relating, for example, to the U.S. savings patterns, practices; issues relating to corporate behavior in the U.S. economy; and a range of other issues.

Today, we concentrated on U.S. Government points of interest: Issues relating to savings and investment patterns in Japan; to land-use practices, policies; regulations in Japan; to the distribution system in Japan. We covered pricing mechanisms. We reviewed exclusionary business practices, and we discussed so-called *keiretsu*[35] relationships, the corporate structure relationships among many firms in many different segments of the economy.

In the context of this last issue, we also had a thorough discussion of the issue of foreign direct investment in Japan. We believe that there is a scope as well as a need for action in each of these areas on the part of the Government of Japan.

In the area of infrastructure investment, for example, the level of infrastructure in Japan is well below that of other countries. In the level of foreign direct investment, the data are very striking. The ratio of inward to outward foreign direct investment is only 11% in Japan, compared to 85% in the United States.

As of 1986, foreign-owned firms in the United States accounted for 10% of all domestic sales, whereas in Japan these figures were only around 1%. There are many other data which we developed and presented in connection with each of these issues, which we believe make a strong case for action.

Overall, I would have to say that we did make some progress in furthering our understanding on both sides of the structural problems in the Japanese economy as well as the U.S. economy. We also made some progress—perhaps modest—in beginning to look for areas for action to address these problems. However, I think it is fair to say that the progress was far less than we had hoped for in the second round of talks. There was very little flexibility in the Japanese Government position. They did make extensive presentations on current practices and measures underway. And here they provided us with some very useful information which has definitely improved our understanding of current Japanese efforts which, in some of these areas, are not insignificant.

Nevertheless, there was less flexibility on their part in reaching a common ground on the nature of the problems, even problems which do appear to be widely recognized in Japan. They were generally unwilling to look beyond this to new additional steps that could be taken to address the structural problems in Japan that underlie the problems of trade and current account imbalances that Under Secretary McCormack cited at the opening of this press conference.

We recognize that many of these structural problems are complex, that it will take some time for actions to be fully taken to address these problems, and even more time for the effects to be shown in the balance of payments. These are not problems that can be corrected overnight.

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[34] Source: Office of Press Relations, Department of State. This briefing on the second round of U.S.–Japan talks on the Structural Impediments Initiative was given by Richard T. McCormack; S. Linn Williams, Deputy U.S. Trade Representative; Charles Dallara, Assistant Secretary of the Treasury for International Affairs; Michael Farren, Under Secretary of Commerce for International Trade; and John Taylor of the Council of Economic Advisors. The briefing began at 7:30 p.m.

[35] Interlocking.

They're not problems that can be fully corrected in 9 months. But it is critical that we have action across the full range of issues discussed with a timetable for follow-up actions as well.

As Ambassador Hills put it so well, there is a clear need for a blueprint and down-payments on this blueprint across the full range of issues.

We are concerned that while the Government of Japan is willing to cooperatively discuss the issues, they may not at this stage share the sense of urgency connected with these talks, nor is there clear evidence that they fully recognize the threat posed by the persistent payments imbalances which beset their economy, our economy, and the global economy. We both share a common interest in a more open trading system and in promoting global economic stability. A common responsibility is there to reduce the imbalances which we face.

We also, in both of our countries, have a special responsibility to our consumers, many of whom—particularly in Japan—appear to be disadvantaged by current practices, policies, and arrangements. We have impressed, in the last 2 days, on the Japanese Government the need for them to more actively work to develop precise plans for actions, to redress the structural impediments in their economy. We intend to work on the structural problems in our own economy.

It is essential, if these talks are to succeed, that significant progress be made in these areas, and we do hope to see a more forthcoming response in the next round since time is marching on.

. . . .

Q. In view of what happened or didn't happen today and what your goals are for the end of the talks, is there anything that the U.S. Delegation feels the U.S. side should do to try to accelerate these or intensify these, or perhaps bring them to a higher level, or increase political impetus, or anything like that?

Mr. McCormack. No. This exercise has got a certain lifetime associated with it. We have agreed to have a preliminary report next April. There are likely to be elections in Japan in the latter part of January, early February. This is what I would characterize as the discovery phase of the process, where one talks and gets into the details about the individual impediments and has frank exchanges between ourselves and our colleagues.

There will be one more session of these prior to the elections in Japan, and I would simply expect that the process that we began in September deepened during this discussion, will intensify during this final session prior to the election, and then I would expect there to be very intense discussions to take place immediately after the election. That's how I would expect the rhythm of this process to unfold.

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H. Korea

342. Diplomatic Contacts Between the United States and North Korea

Daily Press Briefing by the Department of State Spokesman (Redman), January 26, 1989 (Extracts)[1]

. . . .

Q. Chuck, do you have any further detail on the meetings between the United States and North Korea?

A. Let me just review for the record what has happened, where things stand. You're familiar, of course, that the starting point for all of this was our announcement on October 31, I believe, about some new initiatives.[2]

On December 6, in Beijing, the North Koreans delivered a letter addressed to then Secretary of State Shultz from the Democratic People's Republic of Korea Foreign Minister, Kim Yong Nam. This letter was delivered at a meeting between our Embassy political counselor and his counterpart from the DPRK Embassy.

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[1] Source: Office of Press Relations, Department of State. The briefing began at 12:34 p.m.

[2] Inter alia, it authorized substantive diplomatic exchanges with the Democratic People's Republic of Korea. For text of the October 31, 1988, statement, see *American Foreign Policy: Current Documents, 1988*, pp. 566–567.

The meeting was held at a neutral setting. It was arranged through the good offices of the foreign ministry of the People's Republic of China. On January 24, the United States and North Korean diplomats held a second meeting at the same level, at the same place. At the January 24 meeting, the United States responded to Foreign Minister Kim's letter.[3]

We believe these contacts have been useful in terms of content. I won't go into the exact content, other than to note both sides stated their positions on Korea Peninsula political and security issues. Those are positions that have been a matter of public record also.

. . . .

Q. Okay. So we can draw the conclusion from that, even though you said you wouldn't discuss the content of those meetings, the content was essentially an exchange of positions which are well known on both sides, and that there were no exchanges of new positions on either side?

A. I always leave it to you to draw your conclusions, and I'll continue to do that. I would just say further, I suppose, that these were in no sense negotiations in any way, but rather contacts.

. . . .

343. Support For "Forces of Peace, Prosperity, Independence, and Democracy"

Address by President Bush Before the Republic of Korea National Assembly, Seoul, February 27, 1989 (Extract)[4]

. . . .

I've come here today as the leader of a faithful friend and a dependable ally. And I'm here today to ensure that we continue to work together in all things. Our most important mission together is to maintain the freedom and democracy that you fought so hard to win. As President, I am committed to maintaining American forces in Korea, and I'm committed to support our Mutual Defense Treaty.[5] There are no plans to reduce U.S. forces in Korea. Our soldiers and airmen are there at the request of the Republic of Korea to deter aggression from the North, and their presence contributes to the peace and stability of northeast Asia. And they will remain in the Republic of Korea as long as they are needed and as long as we believe it is in the interest of peace to keep them there.

In the years ahead, we must work together as equal partners to meet the evolving security needs of the Korean Peninsula. Peace through strength is a policy that has served the security interests of our two nations well. And we must complement deterrence with an active diplomacy in search of dialog with our adversaries, including North Korea. The American people share your goal of peaceful unification on terms acceptable to the Korean people. It's for that reason that we actively support the peaceful initiatives of President Roh to build bridges to the North. And I will work closely with the President to coordinate our efforts to draw the North toward practical, peaceful, and productive dialog to ensure that our policies are complementary and mutually reinforcing.

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[3] Similar meetings were held between U.S. and North Korean diplomats on February 28, May 15, and November 1.

[4] Source: *Weekly Compilation of Presidential Documents*, March 6, 1989, pp. 255–257. The President spoke at 4:01 p.m. in the National Assembly Hall. President Bush visited Korea on February 27 following visits to Japan and China.

[5] Signed at Washington on October 1, 1953, entered into force November 17, 1954; 5 UST 2368.

I've spoken of the need for vigilance, strength, and diplomacy to deter aggression and preserve peace. There's another source of strength, and it is well-represented in this Assembly. The development of democratic political institutions is the surest means to build the national consensus that is the foundation of true security.

Just as we must work together to achieve better security within a democratic framework, we must also work together to achieve greater economic prosperity within the system of free and open international trade. The progress of the Korean economy is an inspiration for developing countries throughout the world. By unleashing the energies and creativity of your talented people, you've led Korea into an era of unprecedented opportunity and prosperity. Korea has become an industrial power, a major trading power, and a first-class competitor. You are fulfilling the prophecy of the Indian poet Tagore who wrote: "Korea, once a bright light of the golden age of Asia, if it is relit, it will be the light of the East." Korea has achieved great prosperity through participation in the international trading system that has made the nations of free Asia the envy of the world. And all Koreans can take pride in what you, as a people, have achieved.

And yet we cannot overlook that your economic success has created concern in the management of our bilateral economic relations. For the American people and for the Korean people, as well, reducing our bilateral trade imbalance will be both a challenge and an opportunity. The challenge will be to resist the calls for protectionism; the opportunity will be to expand the prosperity of both our countries. And we both, you and I, have a lot at stake. You are our seventh largest trading partner, larger than many of our traditional European trading partners, and our trade is growing. The United States is both Korea's largest market and second largest source of imports. And we're also a leading source of the investment and technology that you will need to fuel further economic growth and development.

Korea's economy has benefited greatly from the free flow of trade. And yet today, in many countries, there is a call for greater protectionism. And I'm asking you to join the United States in rejecting these short-sighted pleas. Protectionism is fool's gold. Protectionism may seem to be the easy way out but is really the quickest way down. And nothing will stop the engine of Korea's economic growth faster than new barriers to international trade.

We've made progress in this area. American exports to Korea are up. Korean tariffs are down, and its nontariff barriers are down, too. And the service sector is opening. And let me be candid. I want you to have this direct from me. If we are able to keep our bilateral relationship growing even stronger, much more needs to be done. And I am confident that our two nations working together can accomplish the tasks still before us.

As one of the world's major trading powers, the Republic of Korea sets an example for other nations who are watching what you do. As an emerging economic leader, you inevitably shoulder important responsibilities to ensure the continued strength and stability of the global marketplace. You, the representatives of the Korean people, will face the challenge to improve living standards, to continue to open domestic markets, and to adopt appropriate international financial and exchange rate policies that reflect your standing as a prosperous and powerful trading nation. The United States shares similar responsibilities for the well-being of the world economy. Our two peoples should, at all times, bear in mind that our trading system is truly an international joint venture and that we share a special responsibility for its continued success.

My friends—and we are truly friends—I began today by talking about my inauguration as the new President of the United States of America just a few short weeks ago. The tradition of passing the torch of leadership from one American President to another is a time when we celebrate the strength of our democracy and a time when we renew our commitment to the values on which it is built. Today I am renewing my commitment to you, as the leader of one sovereign state to the elected legislative body of another. I am renewing my commitment to you to work together for the good of our peoples and of all humanity.

And as I reflect over the last 40 years of Asian history, the trend is remarkably positive. At the end of the Second World War, Asia lay in ruins. Through the 1950's and the 1960's, the forces of radical revolution at times appeared to be the wave of the future. And now, in the 1980's, human aspirations for basic political and economic freedoms have become almost universal. And as we gather here in your National Assembly, these aspirations are no longer a far-off dream for your great country, for Korea. Instead, through your devotion and hard work, they've become a reality, and we celebrate your triumph. In the years ahead, the United States will stand with you against the forces of oppression and for the forces of peace, prosperity, independence, and democracy.

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344. U.S. Response to Kwangju Inquiry

Statement Released by the Department of State, June 19, 1989 (Extract)[6]

INTRODUCTION

The United States welcomes efforts to establish the facts about the events which occurred in Kwangju in May 1980. It recognizes that the lack of an accurate historical record has generated widespread misunderstanding. This Statement presents the facts about what the United States did and why, in the belief that this is in the best interests of the close friendship which exists between the United States and the Republic of Korea.

A clear understanding of U.S. views and actions requires that they be viewed in the context of events from the assassination of President Park Chung Hee on October 26, 1979, to and beyond the actual events in May 1980 in Kwangju City. This Statement therefore begins with the assassination of President Park.

When the Special Committee on Investigation of the May 18th Kwangju Democratization Movement was established by the National Assembly of the Republic of Korea in the summer of 1988, the United States agreed to cooperate with its investigation. On November 23, 1988, the Ministry of Foreign Affairs of the Republic of Korea delivered to our Embassy in Seoul letters from the Committee addressed to Ambassador William Gleysteen and General John Wickham inviting their testimony before the Committee.

On December 2, 1988, after careful consideration of the relevant diplomatic precedents and legal principles with regard to such testimony, the Department determined that it would be inappropriate for Ambassador Gleysteen or General Wickham to testify before the Committee on matters related to their official duties as U.S. officials in the Republic of Korea. They were so advised and they concurred in this view. However, the Department agreed to answer written questions from the Committee. On March 17, 1989, the Embassy of the Republic of Korea in Washington conveyed to the Department of State 48 questions prepared by the Special Committee.

This Statement reflects those relevant events and actions as known to the U.S. Government, as can best be determined at this time. Answers to the Committee's questions are incorporated in the Appendix to this Statement, with references to the pertinent paragraphs in the Statement and, as appropriate, clarifying comment.

SUMMARY

The United States had no prior knowledge of the assassination of President Park Chung Hee on October 26, 1979. The United States was shocked by the assassination and alarmed that the North might see it as an opportunity to attack the South. The United States was also concerned that the prospects for democratization in the ROK might be undermined.

The United States had no advance warning of the December 12 (12/12) Incident, in which a group of ROK army officers led by Major General Chun Doo Hwan seized control of the military.

The United States was angered by the general's use on December 12, without proper notification, of units under the Operational Control (OPCON) of the Combined Forces Command (CFC), deeply concerned over the use of force to usurp power, and troubled at the prospect of instability if the principle of civilian authority was not quickly and firmly reasserted.

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[6] Source: Office of Press Relations, Department of State. The statement, together with an appendix, was conveyed to the Republic of Korea Embassy on June 19 for transmittal to the Korean National Assembly Special Committee. It was made available to the press on June 20. An announcement posted that day noted that the statement and appendix represented the "complete and sole response of the U.S. Government to the Special Committee's inquiry into this matter."

The United States protested repeatedly and vigorously to the Korean Government, to Major General Chun, and to the Korean military about the misuse of forces, under CFC OPCON.

The United States was deeply disturbed by the evidence, gradually accumulating after the 12/12 incident, that Korean military leaders did not intend to relinquish de facto control or set a timetable for democratization.

The United States repeatedly urged the Korean civilian and military authorities to resume the democratization process, warned against the repression—specifically that any actions against politicians such as arresting Kim Dae Jung would prove "incendiary"—and forcefully protested when leading opposition figures were arrested.

The Korean authorities gave the United States 2 hours advance notice of the declaration of Full Martial Law, which began at 0001 on May 18. The United States had no prior knowledge of the Korean military authorities' intentions to arrest political leaders and close the universities and National Assembly. On May 18, in both Seoul and Washington, the United States sharply and vigorously protested the implementation of Martial Law.

The United States did not initially know the full extent of the violence in Kwangju. When it became aware of the seriousness of the situation, the United States repeatedly urged restraint by ROK military forces and issued a public statement on May 22 expressing concern over the strife in Kwangju and calling for dialog between the opposing sides.

The United States was assured by Korean authorities that its May 22 statement calling for dialog would be broadcast and distributed in the city. This never happened. Instead, official radio reports in Kwangju falsely asserted that the United States had approved the dispatch of SWC troops into the city.

Neither troops of the Special Warfare Command (SWC) nor elements of the 20th Division, employed by the Martial Law Command in Kwangju, were under CFC OPCON, either at the time they were deployed to the city or while operating there. None of the Korean forces deployed at Kwangju were, during that time, under the control of any American authorities. The United States had neither prior knowledge of the deployment of SWC forces to Kwangju nor responsibility for their actions there.

The 1978 Agreement establishing the Combined Forces Command preserved the sovereign right of both the United States and the Republic of Korea to assert OPCON over their respective forces at any time, without the consent of the other party. The United States could neither approve nor disapprove the movements of elements of the 20th Division which had been removed from OPCON.

The United States was informed that Korean military authorities were considering the use of elements of the 20th Division—one of the few regular army units trained in riot control—to reenter Kwangju. U.S. officials, who had pressed for a political rather than military solution and continued to caution against the use of military force to solve political problems, reluctantly accepted that, if negotiations failed, it would be preferable to replace SWC units with elements of the 20th Division.

The United States protested to the Korean Government and Korean media over public distortions of U.S. actions and policy which included claims that the United States knew in advance of the December 12 incident, of Chun's appointment to the KCIA, of the government's actions of May 17 and that the United States approved the SWC actions in Kwangju.

No information indicating a North Korean intention to attack was received by the United States during the period covered by this Statement, nor did U.S. officials regard the domestic situation in the South as being so serious as to justify either Full Martial Law or harsh repressive measures.

Throughout this period, however, the United States was concerned that the North might miscalculate the situation in the South and warned Pyongyang against trying to exploit it. Also, as a precaution, the United States deployed air and naval units to the area to demonstrate to North

Korea the U.S. resolve to stand by its security commitment to the ROK.

Despite strenuous efforts, the United States failed to persuade Major General Chun to restore civilian authority and to institute a timetable for democratization. The United States, however, was successful in drawing international attention to the charges against Kim Dae Jung, which it characterized as "far-fetched," and in obtaining a commutation of his death sentence.

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345. U.S.–Republic of Korea Security Relationship

Joint Communiqué Issued by the 21st Annual ROK–U.S. Security Consultative Meeting, Washington, July 19, 1989 (Extract)[7]

[1][8] The twenty-first Annual Security Consultative Meeting between the United States and the Republic of Korea was held in Washington July 17, 18, and 19, 1989. ROK Minister of National Defense Lee Sang Hoon and U.S. Secretary of Defense Richard B. Cheney led their respective delegations which included senior defense and foreign affairs officials of both countries. The Chairmen of the Joint Chiefs of Staff of the two countries presided over the U.S./ROK Military Committee Meeting on July 17, 1989. (Minister Lee also called on President Bush and delivered a letter from President Roh Tae Woo.) Before arriving in Washington, the Minister toured selected U.S. military installations and industrial sites as the guest of Secretary Cheney.

[2] The two delegations reaffirmed their commitment to the maintenance of peace and stability on the Korean peninsula and pledged to maintain the close and longstanding security relationship between their two countries. Secretary Cheney cited the continued U.S. troop presence and continuing efforts to improve their capabilities as signs of the U.S. commitment to the defense of the Republic of Korea. Minister Lee assured the Secretary that he would work to strengthen the Korea–U.S. combined defense posture on the peninsula.

[3] The two delegations reviewed the overall Northeast Asian security situation with particular emphasis on the Korean peninsula. Both sides agreed that North Korea poses a serious threat to South Korea by continuing to deploy its forces offensively and that the capability of the North to initiate a surprise attack against the ROK with little or no warning remains high. They also discussed North Korea's potential chemical weapons threat. Both sides expressed concern over heightened Soviet high-technology arms deliveries to the North Korean military, an action that contrasts sharply with improved ROK-Soviet relations as well as moves toward arms reduction and control in Europe and other regions of the world. Both delegations agreed that continued vigilance is required for the maintenance of peace and stability on the Korean peninsula, and they discussed various military efforts of the two countries to deal with the situation. They further agreed to continue close cooperation to counter possible new North Korean terrorist acts.

[4] Minister Lee and Secretary Cheney agreed that the security of the Republic of Korea remains pivotal to peace and stability in northeast Asia, which in turn is vital to the security of the United States. Secretary Cheney affirmed that the United States will render prompt and effective assistance to repel any external armed attack against the Republic of Korea in accordance with the ROK–U.S. Mutual Defense Treaty of 1954, and that the U.S. nuclear umbrella will continue to provide additional security to the Republic of Korea. Minister Lee and Secretary Cheney agreed that U.S. Forces should remain in Korea as long as they are needed for deterrence against the North Korean military threat, and as long as the governments and peoples of the United States and the ROK believe the U.S. troop presence serves the interests of peace and stability on the Korean peninsula.

[5] Minister Lee told Secretary Cheney that the Korean people recognize and highly value the contribution made to the security of the ROK by the U.S. force presence on the peninsula. The Korean people recall with gratitude past sacrifices made by U.S. Armed Forces in the defense of Korean freedom and the support accorded by the U.S. for the economic

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[7] Source: Department of State files.

[8] All brackets in the source text.

develoment of the ROK in the post-war era. The Secretary told the Minister that the American people also highly appreciate their relationship with the Korean people, recalling that both nations' armed forces have fought together in the defense of freedom.

[6] The Minister explained the new policies toward North Korea and other socialist countries that President Roh has enunciated. Noting that the Northern Diplomacy of the Republic of Korea is contributing to the maintenance of peace on the peninsula and the improvement of the security environment in Northeast Asia, Secretary Cheney reiterated strong U.S. support for the Republic of Korea's diplomatic efforts and congratulated Minister Lee on successes to date. Minister Lee and Secretary Cheney encouraged bilateral exchanges between ROK and North Korean authorities, including discussions of confidence building measures, which also have been raised between the United Nations Command and North Korean military authorities at Panmunjom.

[7] Minister Lee and Secretary Cheney shared the view that ROK–U.S. defense cooperation should continue and that the Republic of Korea should assume increasing responsibility for its own defense. Minister Lee and Secretary Cheney expressed mutual appreciation for the direct and indirect contributions each country is making to enhance ROK–U.S. combined defense capabilities. The Secretary noted with satisfaction that in addition to the 40 million dollars already committed at the 20th SCM for Combined Defense Improvements Projects (CDIP) in 1990, the ROK will expend an additional 30 million dollars in 1990 in such areas as war reserve storage, depot maintenance of U.S. aircraft at industrial facilities, and improvements in command, control, and communications. He also noted favorably ROK agreement to spend 40 million dollars on CDIP in 1991 and to expand CDIP funding to 50 million dollars in 1992. Secretary Cheney expressed the hope that additional ways can be found for the two countries to share the responsibilities for the common defense.

[8] The Minister and the Secretary agreed that the operations of the ROK/U.S. Combined Forces Command [CFC] have improved, and congratulated the officers and men of both countries for their cooperation. They expressed their appreciation of the importance of joint and combined exercises such as Team Spirit for improving defense capability, stressing that such defensive exercises are not a threat to any nation. They further agreed that tensions on the Korean peninsula could be reduced if North Korea were to adopt the practice of the ROK and provide advance notification of and invite observers to major military exercises.

[9] Both delegations examined accomplishments in the area of defense technological/industrial cooperation and the continued development of Korea's defense industry, which was recognized as being in the common interest of both countries. They noted with satisfaction that a Memorandum of Understanding [MOU] on payment of royalties by the ROK for production of defense equipment of U.S. origin had been signed. During the meeting they concluded an MOU on cooperative research and development of surface-to-air missile guidance technology. Both delegations expressed satisfaction at the entry into force of the bilateral strategic trade MOU, and agreed that both countries should work toward its speedy implementation.

[10] Both delegations acknowledged the importance of improving logistics arrangements to support the combined forces. They noted the successful implementation to date of agreements made last year in this area. Both delegations agreed that early completion of the proposed wartime host nation support agreement would contribute to rapid reinforcement of U.S. combat power to Korea and to improved sustainability of the combined forces in a contingency. They also pledged to move forward expeditiously with that agreement and the recently signed agreement establishing the list of munitions to be procured by the two sides under the 1990–92 Modern Munitions Program. Secretary Cheney praised the Korean Government's efforts to improve the safety on ammunition storage facilities in the Republic of Korea, noting that considerable progress had been made recently in this area.

[11] Secretary Cheney and Minister Lee reiterated their conviction that direct dialogue between the two parts of Korea is desirable as a means to create the mutual trust that is necessary to reduce tension, establish a lasting peace on the Korean peninsula, and promote peaceful unification of the divided country. They emphasized

that questions involving the Korean peninsula should be resolved through dialogue between the two parties directly concerned, and they called for constructive inter-Korean dialogue. In this connection, Secretary Cheney expressed US support for various proposals of the Republic of Korea to improve relations with North Korea.

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346. U.S.-Korea Trade Issues

Statement by the Assistant U.S. Trade Representative for Asia and the Pacific (Allgeier), July 26, 1989[9]

I would like to start by simply observing that the past few years have been a period of intensive negotiations with Korea on a whole range of trade issues. It has also been a time of significant trade and investment liberalization measures by Korea. The result of these efforts on both sides is that Korea has made some very significant progress toward opening its economy.

I would like to take just a few minutes to summarize the areas of progress and to identify the areas that we need to continue to work on. I will divide them into four areas: merchandise trade, services trade, intellectual property, and investment.

In merchandise trade the progress has been most significant in relaxing the import licensing restrictions on industrial goods. There also have been significant unilateral tariff reductions by Korea, again primarily on the industrial side rather than the agricultural side. And most recently, in May we reached an agreement to eliminate a number of the sector-specific nontariff barriers which we loosely call localization policies. These include special laws which allow the Korean Government to close the border for a specific product, problems with product standards and labeling requirements.

In terms of merchandise trade, the remaining major issues on our agenda—at least the agenda for the next 6 to 12 months—are first of all, liberalization of high-value agricultural products. A related issue is to get Korea to disinvoke its current claim of a balance-of-payments justification for these import restrictions. This is an indefensible claim.

Second, we seek deeper tariff cuts and also a binding of the tariff cuts in the GATT. That will be our objective in the Uruguay Round market access talks.

Third, we think that it is overdue for Korea to join the GATT government procurement code, on the same basis as developed countries.

In services trade, we have had a thorough opening of the insurance market in Korea, and I think evidence of that is the very rapid entry of American firms. There are now nine American firms writing life insurance in Korea. Two are involved in fire insurance. Motion picture distribution has been opened, but I must say that we still are encountering resistance from the formerly protected Korean distributors.

Other areas of liberalization include partial liberalization of banking services, of shipping, and of advertising agencies.

The areas of our concentration in services for the immediate future are two areas in which America has very strong competitiveness. One is telecommunication services. You will recall that in February Ambassador Hills designated Korea as a priority country under telecommunications provision of the Omnibus Trade Act.[10] The second is financial services. The financial services sector in Korea has lagged well behind their manufactured goods sector, so there is a need for innovative services which our firms can provide.

In intellectual property, in 1986 and 1987 Korea revised its laws for intellectual property such as patents, copyrights, and computer program protection. It also joined the Universal Copyright Convention and the Geneva Phonogram Convention.[11] Those were essential first steps in providing better protection for intellectual property.

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[9] Source: *Developments in United States–Republic of Korea Relations: Hearing Before the Subcommittee on Asian and Pacific Affairs of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1990), pp. 29–30. Chairman of the subcommittee, Stephen J. Solarz, presided over the session.

[10] Omnibus Trade and Competitiveness Act of 1988 (P.L. 100–418), approved August 23, 1988; 102 Stat. 1107.

We are now in what I call the second generation of intellectual property problems, the principal of which is enforcement. We do not have effective enforcement of these laws in Korea. I must say that the Korean Government's efforts in this regard have not been satisfactory. The principal concerns at the moment are' textbook piracy, videocassette piracy, computer software and video games, and pharmaceuticals.

I also have to say, Mr. Chairman, that at least in my opinion, by and large American industry needs to intensify its own efforts to use the Korean legal system and its administrative system to protect their rights. Ambassador Hills by November 1st will make a decision on whether or not to designate Korea as a priority country under the special 301 provision. Korea is one of the eight countries on the so-called priority watch list.

In investment, in May we reached an agreement with Korea to deal with the trade-related investment measures—measures like local content requirements, export performance requirements, technology transfer requirements, and local equity requirements. As of July 1st, Korea no longer imposes such requirements formally or informally on applications for investment in Korea. They also, as of July 1st, have adopted a policy that when a foreign firm applies for an investment approval, it will get an answer within 60 days. We agreed on a timetable for them to move from a case-by-case basis for investment approvals to a pure notification basis. When the notification system is implemented, an American firm can indicate the intent to invest, without having to get a Korean Government approval, and the Korean Government has 60 days to stand up and disapprove it on a very narrow range of reasons, for example, national security or violation of antitrust law.

As for other issues that we will be working on in the near future, Korea has agreed to work with us in the OECD multilateral forum to address the problem of subsidies for shipbuilding, and we also expect to work out appropriate participation by Korea in the President's steel program.

Let me just note very quickly that Korea has played a pragmatic, concrete, and constructive role in the Uruguay Round. The measures it has taken recently in investment and intellectual property and services should make it relatively easy for Korea to adopt whatever results come out of the Uruguay Round on those subjects.

In conclusion, I think that Korea deserves credit for the amount of liberalization that it has implemented and agreed to. Obviously there are several major issues that remain to be resolved, and therefore the administration's primary trade policy objective with Korea is to support and whenever necessary—and it will be necessary—to push the continued, thorough liberalization of Korea's trade and investment regime.

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347. Visit of President Roh

Statement by President Bush, October 17, 1989 (Extract)[12]

. . . .

This has been a busy day of discussions with President Roh on a range of important bilateral, regional, and multilateral issues; and we've confirmed that the Governments and peoples of the United States and the Republic of Korea are resolved to promote and defend economic growth and democracy. Our discussions have been intense and meaningful, and our partnership has been strengthened.

So, let no one doubt that the United States stands by its commitment to maintain the peace and prevent the outbreak of hostilities on the peninsula. As I said in

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[11] On October 1, 1987, Korea adhered to the Universal Copyright Convention signed at Geneva on September 6, 1952 (6 UST 2731), and the Universal Copyright Convention revised at Paris on July 24, 1971 (25 UST 1341). On Ocotber 10, 1987, Korea adhered to the Convention for the Protection of Producers of Phonograms signed at Geneva on October 29, 1971 (25 UST 309).

[12] Source: *Weekly Compilation of Presidential Documents*, October 23, 1989, pp. 1557–1558. President Bush spoke at 1:23 p.m. in the East Room of the White House. His statement was followed by remarks by President Roh.

Seoul in February, U.S. forces will remain as long as both Governments and both peoples believe it is in the interest of peace. And of course, our forces will remain as long as there is a threat from the North. I understand that President Roh, when asked about the American presence in South Korea generally, answered with a colorful American phrase: "If it ain't broke, don't fix it." And, Mr. President, my sentiments exactly.

At the same time, our two nations aspire to lessen tensions between the North and the South. And this and the creation of the conditions that favor reunification can only be the result of the vision and tireless efforts of the Korean people. The United States applauds President Roh's creative diplomacy and supports his plan to create a commonwealth between the North and the South as a step toward reunification. President Roh's unification formula is based on principles that we share—independence, peace, and democracy—and it is my hope that the resumption of other forums of inter-Korean dialog will lead to institutions that will serve as a basis for eventual reunification.

But the division of Korea is merely a part of a great divide between all the nations of the world. And it is in the other half of the world, the Soviet Union and Eastern Europe, that momentous change is underway. President Roh and I are of one mind in dealing with this change. Simply put, we will seek to strengthen security and peace by engaging the Communist world in constructive endeavor. President Roh's *nordpolitik*, a diplomatic endeavor to reach out to Communist countries in Europe as well as in Asia, complements the policy of the United States. And, Mr. President, may I follow your practice and quote a few Korean sayings: "World peace is not a pavilion in the sky." "If beans grow where beans are planted, then surely peace will grow where peace is planted."

Just as South Korea is taking a leading role in diplomacy, so it has also become a major economic force. South Korea is now the world's 10th largest trading nation and America's 7th largest trading partner. Korean workers and companies have benefited from U.S. open markets, but American workers and companies deserve equal access to Korean markets. As I told the National Assembly in February,[13] protectionism offers a false prosperity. It may seem to be the easy way out, but it's really the quickest way down. And trade, free and fair, is the way up for the consumers and workers of both nations. And that's why I'm pleased to note the progress made in the past few years in reducing trade barriers. And we applaud these moves and expect continued improvement on the trade front.

And last, but not least, President Roh and I today discussed the dramatic changes occurring in Korean society and politics. Under his leadership, the Republic of Korea has moved toward greater democracy and respect for human and civil rights. And the history of our own country suggests that such change is hard won. But our history also suggests that the struggle for democracy is crucial to a nation's political and economic and moral development. President Roh, you have my highest respect and support for your goals, and I wish you well in your nation's efforts for continued peace and the growth of democracy and prosperity in your great Republic.

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348. Assessment of the Need for U.S. Troops in Korea

Department of Defense Appropriations Act, 1990, November 21, 1989 (Extract)[14]

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SEC. 9110. (a) Congress makes the following findings:

(1) The United States, as executive agent for the United Nations Command, plays a key role in preserving the armistice which has maintained peace on the Korean peninsula for 36 years.

(2) Partly because of the significant contribution that the United States has made toward preserving the peace, the Republic of Korea has been able to focus national

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[13] See Document 343.

[14] Source: P.L. 101-165; 103 Stat. 1153.

efforts on economic and political development.

(3) The United States remains committed to the security and territorial integrity of the Republic of Korea under the terms of the Mutual Defense Treaty of 1954.

(b) It is the sense of Congress that—

(1) until North Korea abandons its desire to reunite the Korean peninsula by force and ceases to seek modern weapon systems from foreign powers, the threat to the Republic of Korea will remain clear and present and the United States military presence in the Republic of Korea will continue to be vital to the deterrence of North Korean aggression toward the Republic of Korea;

(2) although a United States military presence is essential until the Republic of Korea has achieved a balance of military power with the Democratic Peoples Republic of Korea, the United States should reassess the force structure required for the security of the Republic of Korea and the protection of the United States interests in northeast Asia;

(3) the United States should not remove any armed forces from the Korean peninsula until a thorough study has been made of the present and projected roles, missions, and force levels of the United States forces in the Republic of Korea; and

(4) before April 1, 1990, the President should submit to Congress a report that contains a detailed assessment of the need for a United States military presence in the Republic of Korea, including—

(A) an assessment of (i) the current imbalance between the armed forces of the Republic of Korea and the armed forces of the Democratic Peoples Republic of Korea, and (ii) the efforts by the Republic of Korea to eliminate the current adverse imbalance;

(B) the means by which the Republic of Korea can increase its contributions to its own defense and permit the United States to assume a supporting role in the defense of the Republic of Korea;

(C) the ways in which the roles and missions of the United States forces in Korea are likely to be revised in order to reflect the anticipated increases in the national defense contributions of the Republic of Korea and to effectuate an equal partnership between the United States and the Republic of Korea in the common defense of the Republic of Korea;

(D) an assessment of the actions taken by the Republic of Korea in conjunction with the United States to reduce the cost of stationing United States military forces in the Republic of Korea;

(E) an assessment of the willingness of the South Korean people to sustain and support a continued United States military presence on the Korean peninsula; and

(F) a discussion of the plans for a long-term United States military presence throughout the Pacific region, the anticipated national security threats in that region, the roles and missions of the Armed Forces of the United States for the protection of the national security interests of the United States in that region, the force structure necessary for the Armed Forces to perform those roles and missions, and any force restructuring that could result in a reduction in the cost of performing such roles and missions effectively.

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I. Laos

349. Opposition to Private Forays Into Laos

Statement Issued by the Department of State, January 31, 1989[1]

As we have said in the past, the United States opposes privately organized cross-border forays into Laos, whether in search of possible American prisoners of war or information on Americans missing in action, or for any other purpose. Such missions are counterproductive and serve neither the interests of our country nor those of the families of the missing in action.

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[1] Source: Office of Press Relations, Department of State. Department of State Spokesman Charles Redman read this statement in part at the January 31 Daily Press Briefing, after which it was distributed.

Actions of this type have interfered previously with U.S. Government efforts to resolve the POW/MIA issue through cooperation with the Government of the Lao People's Democratic Republic (LPDR). The United States maintains diplomatic relations with the LPDR and does not recognize, support, or encourage any Lao resistance groups. We do not condone the illegal involvement of American citizens or resident aliens in Lao resistance activities.

We believe that government-to-government channels offer the best hope for achieving a pattern of sustained cooperation to obtain the fullest possible accounting for missing Americans. In the past year, discussions and joint activities with the Lao have been very productive, and we look forward to making further progress on the issue through a year-round schedule of joint activities, including research, surveys, and excavations in 1989.

350. Progress Toward Bilateral Narcotics Control

Prepared Statement by the Assistant Secretary of State for International Narcotics Matters (Levitsky), August 1, 1989 (Extract)[2]

. . . .

LAOS

Reports continue of involvement of Lao officials in narcotics production and trafficking—factors which will affect future certification decisions. The continuing concern raised by the United States and other Governments over the involvement of military and civilian officials will remain part of the bilateral agenda.

The indications received since President Bush denied certification to Laos last March[3] are that the Government of the Lao People's Democratic Republic (LPDR) may be taking narcotics cultivation, production and trafficking more seriously.

The U.S. dialog with Laos on the narcotics question has been developing for the last 3 years. Progess has continued in 1989, although the Lao halted the dialog for a time while they assessed the impact of the President's denial of certification last March.

To a visiting senior U.S. delegation in early January, the Lao Government stated for the first time that it would engage in bilateral narcotics control projects with the United States. The LPDR rejoined the United Nations Commission on Drugs, attending the Commission conference this February for the first time in 13 years. The government also approved the first congressional delegation to Laos on the subject of narcotics. Codel Smith[4] visited March 29 and held in-depth discussions of the drug problem with Lao officials. Lao representatives reiterated their willingness to cooperate with the United States on narcotics control matters in high-level meetings in Washington in April.

A June trip by the U.S. officials from Vientiane and Bangkok to Houaphanh province to examine sites for bilateral narcotics control development projects produced a draft project paper currently under review in Washington. If resources are available, a cooperative project could be underway in the near future. The reaction of provincial officials to the prospect of U.S. assistance was enthusiastic.

In response to our urgings the Lao Government has sent participants to a seminar on drug abuse education in Bangkok. The Lao have also chosen two observers to attend a U.S. Customs-sponsored seminar in Indonesia July 17–28 on selected enforcement and detection techniques. This is the first time that the Lao Government has agreed to participate in training seminars on narcotics issues. The government is also working with the Swedish Government to halt shifting cultivation techniques in northern Laos. Tribal groups have long been known for their slash and burn opium production practices. Finally, the Lao signed a $5.8 million integrated rural development and narcotics control project with UNFDAC in February. Work on the project has since begun, and Lao and foreign staff have been recruited.

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[2] Source: Department of State files. The statement was made before the Select Committee on Narcotics Abuse and Control. For another extract of this statement, see Document 93.

[3] Regarding Presidential Determination No. 89–11, February 28, certifications on narcotics cooperation forwarded to Congress by Secretary Baker, March 1, which denied certification to Laos, see Document 90. As a result, Laos postponed plans for a joint crash site excavation, scheduled to start on March 4 to search for MIA remains. (Daily Press Briefing, March 6, 1989, Office of Press Relations, Department of State)

[4] Congressman Lawrence J. Smith.

Estimates for opium production in Laos this year are in the same range as those in the INCSR of March 1989: 255 metric tons, the mid-point in a range from 210 to 300 mt. These figures are difficult to calculate and must be considered tentative. However, good weather conditions are expected to produce a large harvest throughout the Golden Triangle.

No known opium eradication efforts were conducted in Laos during the current growing season. It is stated Lao Government policy that no forcible eradication will be done to eliminate this traditional only cash crop of the hilltribes until alternatives are available. No effort to reduce marijuana cultivation in the lowlands is apparent. We will continue to urge the Laotian Government to change its policy.

Laos needs to increase its enforcement actions against heroin refineries operating in its territory, and to publicize the dangers of drug trafficking more effectively. The Lao Government has not informed the United States of any interdiction efforts this year. There are informal reports that one or more heroin refineries have been raided and closed.

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351. U.S.-Lao Bilateral Talks

Statement Issued by the Department of State, October 30, 1989[5]

The Governments of the Lao People's Democratic Republic and the United States of America have agreed to conduct bilateral talks in Vientiane on November 2–3, 1989. The U.S. Delegation will seek to expand our joint cooperation to resolve the issue of missing and unaccounted for Americans in Southeast Asia. It will continue our dialog on narcotics and discuss other bilateral issues of mutual interest. The Delegation will be led by David F. Lambertson, Deputy Assistant Secretary, Bureau of East Asian and Pacific Affairs, Department of State, and will include representatives from the Departments of Defense and State. Mrs. Ann Mills Griffiths, Executive Director of the National League of Families of American Prisoners and Missing in Southeast Asia, will participate in the POW/MIA discussions.

J. Malaysia and Singapore

352. U.S.–Singapore Friendship "Is Based on Mutual Economic and Security Interests"

Prepared Statement by the Ambassador-designate to Singapore (Orr), June 12, 1989 (Extract)[1]

. . . .

Situated at the crossroads of international shipping and air routes, Singapore is a center for transportation and communication in Southeast Asia. The world's second most active port, Singapore handled 153 million tons of cargo in 1988. Singapore is a regional aviation hub served by some 50 international airlines. Telecommunication facilities are modern and comprehensive, providing high-quality contact with the rest of the world. Singapore began as an entrepot for the region, meaning that it has always been an important warehousing and transshipment center. It began to industrialize and modernize its infrastructure after independence. Singapore today is well on its way to becoming a complete business center, offering a strategic base of operations to manufacturers large and small, a developed financial infrastructure, and excellent communications to service regional and world markets.

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[5] Source: Office of Press Relations, Department of State; posted statement.

[1] Source: Department of State files. Orr made this statement before the Senate Foreign Relations Committee during his confirmation hearing.

If there is any country in the world where U.S. businesses have a level playing field on which to compete, it is Singapore. The Singaporean economy is one of the most open and barrier free in the world. The United States has played an important role in Singapore's economy since its inception as an independent nation. It will be my job to enhance that already strong relationship so significant to the general economic welfare of both nations.

The United States is Singapore's largest trading partner. Approximately one-quarter of Singapore's total exports in 1988, meaning goods valued at $9.4 billion, went to the United States. Many of these exports are from U.S. companies based in Singapore and consist of components or semi-finished products for further assembly in the United States or third countries.

The United States is the second largest source of Singapore's imports. In the first place is Japan, a situation I will seek to change by assisting U.S. companies in more aggressive export sales efforts. $6.8 billion in U.S. goods accounted for approximately 15 percent of Singapore's total imports in 1988. Most of Singapore's imports from the United States are capital equipment and electronic components. My goal will be to broaden the product mix while expanding U.S. exports.

The United States has been the largest source of foreign investment in Singapore; U.S. companies account for more than a third of all private foreign investment and a quarter of total investment. According to Commerce Department figures the total stock of U.S. investment totaled $2.5 billion in 1987. In the past 2 years, however, Japanese investment flows into the manufacturing sector have surpassed U.S. flows—$647 million (Japanese) vs. $569 million (U.S.).

As a small country heavily dependent on world trade, Singapore has a special interest in maintaining wide contacts abroad. A former British colony, it participates in the Commonwealth. It is a widely respected voice of moderation in international fora such as the United Nations, the nonaligned movement, and the General Agreement on Tariffs and Trade. Singapore supports the concept of Southeast Asian regionalism and plays an active role in the Association of South East Asian Nations (ASEAN), founded in 1967. It has played a key role in ASEAN efforts to achieve an acceptable Cambodia settlement.

The United States has maintained formal diplomatic relations with Singapore since independence in 1965. The traditional friendship between our two countries is based on mutual economic and security interests. Singapore strongly supports the U.S. presence in the Philippines and Southeast Asia. Its harbor, airfields, and maintenance facilities are open to U.S. military craft with minimal restrictions.

The coming years will be important ones for Singapore as well as for U.S. interests in the Pacific Rim. Long-time Prime Minister Lee Kuan Yew has announced plans to step down in 1990. He has already begun to shift responsibility to a bright and talented group of younger leaders. Vice President Quayle met with these leaders in May to establish his own constructive personal ties with them.[2]

It will be a key element of my responsibilities to carry on a healthy dialog with all those in the leadership of Singapore to ensure that the good relations that have characterized our longstanding friendship continue well into the future. A healthy dialog on the many issues of mutual interest, as well as the few (but significant) issues where we have different points of view, is essential to increase understanding between our two governments. The Vice President's discussion in Singapore on press freedom is an excellent example of a candid exchange on an issue of fundamental importance to both countries.

If the Senate confirms me, I look forward to participating in the important dialog with Singapore on the bilateral and multilateral decisions that will help shape our ties for years to come. Thank you for your consideration.

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[2] Vice President Quayle visited Singapore May 2.

353. Mutual Interests in Peace, Regional Stability, and Market-Oriented Economic Development

Prepared Statement by the Ambassador-designate to Malaysia (Cleveland), September 21, 1989 (Extract)[3]

. . . .

Southeast Asia is in the midst of dramatic economic growth and political change. At the same time, multipolarism is replacing bipolarism among the world's largest nations. The confluence of these two developments will have significance for everyone concerned with Southeast Asia. On the strategic front, attitudes within the region are changing and not only the United States, the Soviet Union, and China, but Australia, Japan, and, increasingly, India are now all substantial factors to be reckoned with. On the economic front, ASEAN has become a major player in its own right.

Malaysia is at the center of these events and together with the United States shares a mutual interest in peace, regional stability in Southeast Asia, and market-oriented economic development. Located astride the strategic Malacca Straits, Malaysia has participated actively in ASEAN's efforts to secure a comprehensive settlement in Cambodia that provides for a verified Vietnamese withdrawal and ensures the rights of the Cambodian people. Nonaligned, but staunchly anti-Communist, Prime Minister Mahathir and other senior Malaysian Government officials have publicly endorsed the continued presence of U.S. facilities in the Philippines.

Malaysia shares with the United States other important political objectives, including a commitment to the solidarity of ASEAN, support for the security of Malaysia's northern neighbor, Thailand, and concern for the plight of Indochinese refugees. Malaysia has been in the vanguard of international efforts to combat narcotics trafficking and drug addiction. We value Malaysia's cooperation with us in all these areas, which are of critical importance to our own government, and if confirmed I would work to enhance our mutual interest and continued cooperation.

Malaysia can take particular pride in its partnership with the international community in addressing the needs of Indochinese refugees. Malaysia has been at the forefront since 1975 in bearing the burdens of this problem as well as in finding solutions to it. Malaysia has opened its doors to give asylum to some 260,000 Indochinese; most of them have been resettled by the United States and other nations but Malaysia continues to shelter some 20,000.

Malaysia was a leader in bringing about the International Conference on Indochinese Refugees in Geneva last June.[4] Under Malaysia's chairmanship, 56 nations came together to adopt the comprehensive plan of action, a plan which reaffirmed all participants' commitments to first asylum and other important practices to solve this problem. Clearly Vietnam must take responsibility for this problem and correct those policies that cause people to continue to flee their homeland. In the meantime, Malaysia's continued support is essential to make the comprehensive plan of action a success, and if appointed I would expect this would be one of my top priorities.

Malaysia plays a major role in ASEAN's efforts at economic cooperation and takes an active part in world economic deliberations, and I would expect if approved to spend a substantial portion of my time working on trade, finance, investment, and other economic issues. Malaysia's economy is a major success story. Being market oriented, Malaysia shares our interest in encouraging an open international trading system and fighting protectionism. For example, Malaysia has played a vigorous and constructive role in the Uruguay Round agriculture talks and, as a member of the Cairns Group of nonsubsidizing countries, Malaysia has pushed for discipline over export subsidy practices.

We are Malaysia's second largest export market after Japan. Two-way trade amounted to $6 billion last year, with a U.S. deficit of $1.2 billion, attributable largely to imports of semiconductors manufactured in U.S.-owned plants in Malaysia.

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[3] Source: Department of State files. Cleveland made this statement before the Senate Foreign Relations Committee during his confirmation hearing.

[4] See Document 287.

Although Malaysia is still a major commodity exporter, its manufactured exports are growing rapidly and manufacturing is now the leading sector. Malaysia has become the world's largest exporter of semiconductors and the third largest producer (after the United States and Japan). Many of those semiconductors are manufactured in U.S.-owned plants and U.S. investment in Malaysia continues to grow rapidly. According to U.S. Embassy estimates, total U.S. investment in the manufacturing sector will reach $1.7 billion by the end of this year.

As with any evolving relationship, there inevitably have been frictions, but it is to the credit of both our countries that we have been able to reach negotiated, amicable solutions to those problems.

Vice President Quayle's visit to Malaysia a week from today[5] is a recognition of the importance of our relationship with this dynamic nation. If the Senate confirms me, I look forward to participating in our important dialog with Malaysia on political and economic issues of interest to both our countries.

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354. U.S.–Singapore Military Cooperation

Statement Issued by the Department of State, October 19, 1989[6]

Q. Do you have any comments on the recent announcement by the Government of Singapore regarding U.S. use of military facilities there?

A. We and the Government of Singapore have been discussing the possibility of greater security cooperation for quite some time.

We have decided to gradually and modestly increase our activities beginning in early 1990 to include increased ship and aircraft visits and joint exercises on a periodic, not permanent, basis, as well as greater use of Singapore's ship repair and maintenance facilities.

In order to support these increased visits, we may increase the number of U.S. military personnel in Singapore to a total of approximately 170.

We have not concluded any formal agreements; final implementation of specific steps will only emerge from our continuing discussions.

We have a long history of close cooperation with Singapore on security issues. The current discussions are part of this ongoing cooperation.

They do not signify any impending change in U.S. regional policy.

Q. Are the current discussions at the initiative of the United States or Singapore?

A. We have a long history of close cooperation with Singapore on security issues. We have mutually agreed to consider steps to enhance our cooperation.

K. New Zealand

355. "No Basic Change . . . in U.S. Neither-Confirm-Nor-Deny Policy"

Address by the Ambassador to New Zealand (Cleveland) Before the New Zealand Institute of International Affairs, Dunedin, New Zealand, April 12, 1989 (Extracts)[1]

. . . .

It is central to resolving the difference between the United States and New Zealand that we all understand this point: the United States is working hard to reduce armament, to back away from past positions and arms levels East and West have adopted, but we expect tough bargaining and balanced reductions. That approach proved successful in the INF negotiations. The world is safer today because we have been firm of purpose, not because we bowed to populist pressure. In our view, unilateral disarmament steps have negative, potentially destabilizing effect. The Western allies must remain strong militarily while negotiating, just as the Soviets have: to deter possible renewed adventurism, to convince the Soviets that they cannot expect a windfall of military advantage, and to bring about lasting agreements everyone can live with. . . .

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[5] September 28.

[6] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to questions asked at the Department of State Daily Press Briefing earlier that day.

[1] Source: Department of State *Bulletin*, June 1989, pp. 45–48.

We are not going to give up adequate nuclear deterrence on the eve of arms limitation negotiations.

. . . .

The facts are we have stopped providing and will continue to deny defense and intelligence help and cooperation we formerly gave New Zealand under Article II of the ANZUS treaty, but we will not seek retributive action further afield in Antarctica, in trade, or elsewhere. To the contrary, we will continue, in effect, to aid New Zealand measurably, for example, in Antarctica, where cooperation has never been better; within a year you intend to start work on an international gateway in Christchurch which we will jointly occupy. On the economic front, we will also continue to help you as the world's major lineplunger for free trade. It is, after all, the United States that purposefully pushed open the door to Japan's market for Australasian grass-fed beef at the same time we opened it for our own grain-fed beef. Most important, our pressure, together with that of others, on Europe to reduce agricultural subsidies and our commitment to reduce our own agricultural support should eventually prove of immense value to New Zealand trade. . . .

. . . .

The first question that occurs, of course, is whether one or the other of us will change our stance on the nuclear ship issue and will we manage to do better than bump along. I must tell you that no basic change seems likely in U.S. neither-confirm-nor-deny policy. For the reasons I have outlined, the United States remains committed, among other things, to nuclear deterrence. The neither-confirm-nor-deny policy is, in turn, firmly supported as essential to nuclear deterrence by leaders in both political parties and by an absolute majority of Americans. It has been carefully constructed and applied worldwide to protect our Navy's port access and strategic maneuverability, and the policy has been successful. Despite occasional New Zealand media reports to the contrary, no other ally has abridged our and the British and French neither-confirm-nor-deny policies: all our allies firmly support it. On the other hand, major neutral nations like China, Sweden, India, and Yugoslavia—plus smaller ones like the South Pacific island nations—have adapted to it and regularly admit our ships on a neither-confirm-nor-deny basis.

So the question turns to New Zealand: Is there any chance you will change your ship ban? Frankly, I don't know what you will do finally. The government and many people here I talk to are adamant that the policy on nuclear ships will not change, regardless who is in power. Moreover they make clear nobody even wants to hear about it. They seem convincing. But the opposition and about as many other people we talk to insist that it is important to make the changes necessary to enable New Zealand to rejoin ANZUS. Poll results on the issue are not clear to me. It does, on the other hand, seem reasonably clear that most people, whatever their views, are concerned more about the domestic economy these days and wish the ship problem would go away. But if you are among those who want a better relationship with the United States, you realize that the issue cannot simply be dismissed. Resolution of the issue would seem to turn on evolution of New Zealanders' answers to the same old question: Is the effective prohibition of nuclear-capable ships or full partnership in the Western community more important to you? Future external events could reshape people's answers, but even that is unclear to me.

If a clear majority continues to decide in favor of maintaining nonnuclear ports, other questions will arise. First and foremost: What kind of alternative defense contribution to the region and to the larger world will New Zealand make? Foreign Minister Russell Marshall addressed this question in an article in the *Dominion* this week. He was right when he noted the world is watching. The world, including the United States, welcomes your contribution to international peacekeeping. But that still leaves the question: Will your efforts be considered sufficient over time by others? Listening to the various parties, it appears to me there may have been some breakdown in perceptions between this country and others on this point. Some New Zealanders have taken the view that it owes nothing more to maintaining security than it has given and that that view is accepted internationally. However, some nations that are sacrificing considerably more, not surprisingly, hold a different view. How you address and answer this key question will go a long way to defining the role and influence you have in the world. Your foreign policy clout, including your influence on disarmament questions, will be a function of your conclusion. As difficult as that question may be, it is one to which, I should think, you would want to develop the most clear-sighted answers, in the interest of maintaining optimal good-neighbor status and self-respect.

If on the other hand, a choice to return to full membership in the Western partnership is made, the question becomes: How will you manage that? At a minimum, there will be widespread resistance to readmitting ships. Substantial change in New Zealand attitudes toward nuclear weapons and foreign policy will be necessary if any such reversal is to remain permanent. How might that happen?

At bottom, of course, the question before you all is what relationship do you want to have not just with the United States but with the rest of the world? I am sure some of you ask: Why does our security contribution have to figure so large? We're peaceful. Why can't we just be accepted? But other nations contributing substantially to the world's security insurance policy will not accept that view. There is an old cliche that applies: "You get what you bargain for." It is not always true. The world is not always fair. You may end up with more or less than you bargain for. But prudence argues for setting out with that assumption and for making a realistic assessment of your bargaining strength.

I am sorry that like Pontius Pilate, I seem to be raising difficult questions as I depart. This is where we seem to be, however. We have put a floor under deterioration of our relations, lessened the decibel level of the dialog, and maintained commerce and cooperation in nonmilitary areas. But if the relationship is to improve, further repairs will be necessary in the security area. The operative questions are largely for you to address. Because we live together on this globe, share a strategic interest in the region, and have much in common, and because we care, we will be watching with interest how you proceed.

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356. U.S. Policy on Contacts With New Zealand Officials

Statement Issued by the Department of State, September 12, 1989 (Extract)[2]

. . . .

Q. What is U.S. policy governing contacts with high-ranking New Zealand Government officials?

A. New Zealand no longer enjoys the same access to high-level military and foreign policy officials in the U.S. Government that it had before its actions resulted in a loss of its status as a U.S. ally. But despite our well-known disagreements, the United States and New Zealand have pursued in recent years productive dialog on issues of common concern.

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357. "Differences Do Not Preclude Discussion of Nonsecurity Issues"

Daily Press Briefing by the Department of State Acting Spokesman (Boucher), December 12, 1989 (Extract)[3]

. . . .

Q. I didn't read the Kiwi guidance, but I'd like to see it, please.

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[2] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to a question asked at the Department of State Daily Press Briefing earlier that day.

[3] Source: Office of Press Relations, Department of State. The briefing began at 12:30 p.m.

A. Okay. You're speaking about New Zealand, I take it. A New Zealand Delegation, headed by Assistant Foreign Secretary Terence O'Brien, is in Washington this week for 2 days of discussions of developments in the South Pacific. The U.S. Delegation will be led by Deputy Assistant Secretary of State Marilyn Meyers.

These talks are consistent with standing U.S. policy toward New Zealand. While we recognize that fundamental security-related disagreements remain, those differences do not preclude discussion of non-security issues on which we have maintained a regular and productive dialog.

Q. Are other such meetings of this type expected in the future?

A. I assume so, since it's a regular and productive dialog. But I don't have any specific predictions.[4]

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L. Pacific Island States

358. Assistance Requests for Pacific Island States

Statement by the Acting Assistant Secretary of State for Asian and Pacific Affairs (Clark), February 27, 1989 (Extract)[1]

South Pacific Regional

We are requesting $17.7 million in economic assistance ($11.2 million in ESF and $6.5 million in DA) for the South Pacific regional program in FY 1990. The program provides assistance to 10 island nations: Niue, Western Samoa, Tonga, Tuvalu, Fiji, Vanuatu, Solomon Islands, Papua New Guinea, Kiribati, and the Cook Islands. In addition we are requesting IMET grants totaling $255 thousand (Papua New Guinea $75,000, Solomon Islands $75,000, Tonga $75,000, and Vanuatu $30,000). Our goals are to: (1) maintain access to the region's sea lanes; (2) assist friendly governments that pursue policies supportive of U.S. interests both in the region and in international fora; (3) restore and preserve regional good will toward the United States, which has suffered from the lack of U.S. presence in the post-World War II period; and (4) preserve U.S. access to marine resources in the region's exclusive economic zones.

The population of the entire region, almost one eighth of the Earth's surface, is approximately 5 million. The area is in political transition. Fiji, long considered a good example of a maturing parliamentary democracy, is recovering in the aftermath of two military coups. Vanuatu has suffered from a prolonged political crisis, with one of the protagonists enjoying support from Libyan trained thugs. Papua New Guinea, with approximately 70 percent of the region's population, while enjoying a vigorous parliamentary democracy, has suffered from revolving door cabinets and a high level of largely nonpolitical violence.

The Soviet Union, not a traditional player in the South Pacific, has made inroads with now lapsed fisheries pacts in Kiribati and Vanuatu, and with proposals to the regional oceanographic research organization. Papua New Guinea has announced that it will permit the Soviets to open their first resident mission in the islands.

Australia and Japan are the major aid donors to this part of the world, but their aid is not a substitute for American participation which underlines our continuing humanitarian and strategic interests.

Fiji

We are requesting $1 million in economic assistance for Fiji in FY 1990 all under ESF. Fiji's population of approximately 718,119 persons is almost equally divided between indigenous Fijians and persons of Indian descent. Before the 1987 military coups, Fiji was considered a model of stable, parliamentary democracy, relative interracial harmony and economic progress;

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[4] In response to a question at the following day's briefing, Boucher stated the talks included discussion of the South Pacific Commission, the South Pacific Forum, political problems of the area, environmental issues, economic development issues, and driftnet fishing. (Department of State Daily Press Briefing, December 13, 1989; *ibid.*)

[1] Source: *Foreign Assistance Legislation for Fiscal Years 1990–91: Hearings and Markup Before the Subcommittee on Asian and Pacific Affairs of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1990), Part 5, pp. 11–12. Stephen J. Solarz, chairman of the subcommittee, presided over the session.

the Indo-Fijians largely dominated the modern economy with the indigenous Fijians enjoying political dominance. However, elections in 1987 brought an Indian dominated government to power and sparked the military coups.

In response to the overthrow of the elected government, U.S. assistance to Fiji was suspended. In December 1988, President Reagan exercised his authority under section 614(A) of the Foreign Assistance Act[2] to restore economic assistance.

U.S. interests in Fiji include: (1) encouraging the return of constitutional representative government; (2) limiting Soviet influence in the South Pacific; (3) maintaining access to the region's ports for U.S. warships and aircraft; (4) preserving access to the region's fisheries resources; and (5) ensuring continued support for U.S. positions in regional and international fora. Fiji consistently has been a strong advocate of U.S. regional and global interests, although its influence has been eroded by recent political events. Fiji also provides peacekeeping forces in Lebanon, the Sinai, and Afghanistan.

The restoration of U.S. assistance is aimed at strengthening the position of moderates who want a broadly-based, democratic solution for their country, and our programs will focus on projects with direct human needs benefits to all of Fiji's ethnic groups.

Military assistance to Fiji, $100,000 in IMET and $300,000 in FMS, remains on hold under Section 513 of the Foreign Operations, Export Financing and Related Programs Appropriations Act.[3] The requests for FY 1990 are for planning purposes only, and there is no intention to restore military assistance at this time.

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359. The United States and the Pacific Island States

Statement by the Acting Deputy Assistant Secretary of State for Asian and Pacific Affairs (Williams), July 27, 1989 (Extract)[4]

. . . .

The United States is a part of the Pacific. Needless to say, we have important strategic interests in the huge portion of the earth's surface which is occupied by the Pacific Islands and in which are located both U.S. territories and the State of Hawaii.

Through the Compacts of Free Association[5] we have commitments with the Federated States of Micronesia, and the Republic of the Marshall Islands, which increasingly are becoming integrated into the affairs of the South Pacific.

In recent years we have increased our attention to the island states, as you noted. In this era of resource constraints we have opened one-officer diplomatic posts in the Solomon Islands and in Western Samoa. We have modestly increased our personnel in Papua New Guinea and Fiji. The South Pacific Regional Fisheries Treaty[6] has largely eliminated one of the most contentious issues that has been between us and the island states.

Happily, between the United States and the island states there are no issues which we are not able to work together to address in a constructive way. We and they are signatories to the South Pacific Regional Environmental Convention.[7] We work with them to address important environmental concerns including the greenhouse effect and rising sea levels.

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[2] P.L. 87-195, approved September 4, 1961 (75 Stat. 424), as amended by section 128 of the International Security and Development Cooperation Act of 1985, P.L. 99-83, approved August 8, 1985 (99 Stat. 209). Section (A)(1) authorized the President to extend assistance under the act when he determined that it was important to U.S. security interests. President Reagan made such a determination with respect to Fiji on December 22, 1988; 54 F.R. 2081.

[3] P.L. 100-461, approved October 1, 1988; 102 Stat. 2268.

[4] Source: *United States Interests in the South Pacific: Hearing Before the Subcommittee on Asian and Pacific Affairs of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1990), pp. 4–5.

[5] For texts of the Compact of Free Association between the United States and the Federated States of Micronesia, signed at Honolulu on October 21, 1986, and the Compact of Free Association between the United States and the Republic of the Marshall Islands, signed at Majuro on June 25, 1983, entered into force on November 3, 1986, see 99 Stat. 1770. Extracts are printed in *American Foreign Policy: Current Documents, 1986*, pp. 497–501.

[6] For text of the treaty and a related economic assistance agreement, signed at Port Moresby, April 2, 1987, entered into force June 15, 1988, see Senate Treaty Doc. 100–5.

Currently, the island states are extremely concerned by the practice of driftnet fishing. We share this concern and look forward to working with them to try to address this problem.

The Soviet Union traditionally has not been part of the South Pacific and its activities there are viewed with some suspicion on the part of the island states. We understand the reasons for this suspicion. In this era of easing international tensions we hope that Soviet behavior in the South Pacific will be responsible.

In recent years, the Pacific has seen an increase in internal difficulties in some of the island nations. In Fiji ethnic rivalries saw the downfall of what had been viewed as one of the world's most successful pluralistic democracies.

Today, an interim government is engaged in the difficult task of trying to forge a constitution which will afford specific privileges and protection to the indigenous Fijian people, but at the same time will protect the individual human rights of all of the people.

This latter criterion is essential for Fiji's restoration to the ranks of the world's democracies and we wish them well in this endeavor.

In New Caledonia, ethnic rivalry between the indigenous Kanaks and the settlers led to violence and loss of life. Accords achieved over the last year hold out promise for addressing these problems peacefully and constructively.

Vanuatu saw a prolonged constitutional crisis with some attendant violence. However, its courts have continued to function and Vanuatu thus far has been able to resolve its problems within the framework of its constitution and legal system.

Over the last several months Papua New Guinea has seen violence and loss of life and a challenge to its territorial integrity on the island of Bougainville. It is extremely important that this vigorous young democracy find a resolution to the crisis there that leaves the country strengthened.

The United States, as one of the major powers in the South Pacific, is deeply committed to contributing to the healthy economic and political development of these small democratic states which share so many of our values.

. . . .

M. Philippines

360. FY 1990 Assistance Request for the Philippines

Prepared Statement by the Acting Assistant Secretary of State for East Asian and Pacific Affairs (Clark), February 27, 1989 (Extract)[1]

. . . .

Philippines

A stable, democratic and prosperous Philippines, with friendly ties to and continued close security cooperation with the United States, is critically important to the peace and stability of Southeast Asia and to U.S. interests both within and outside the region.

The administration's FY 1990 assistance request ($481 million) for the Philippines includes the first half of the President's 2-year best efforts pledge made in conjunction with the 1988 review of the Military Bases Agreement. This assistance is essential to continued access to military facilities in the Philippines after 1991. U.S. military facilities at Clark Air Force Base and Subic Bay are important to the security of the United States, the Asia–Pacific Region, and the Philippines in the face of a greatly expanded Soviet presence. They are vital to U.S. power projection capability into the Western Pacific and Indian Ocean regions and to protection of commercially-important sealanes.

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[7] For text of the Convention for the Protection of the Natural Resources and Environment of the South Pacific Region, with Annex and two protocols, signed at Noumea, November 24, 1986, see *International Legal Materials*, Vol. 26, No. 1 (1987), p. 38.

[1] Source: *Foreign Assistance Legislation for Fiscal Years 1990–91: Hearings and Markup Before the Subcommittee on Asian and Pacific Affairs of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1990), Part 5, pp. 9–10. Stephen J. Solarz, chairman of the subcommittee, presided over the session.

U.S. military assistance to the Philippines—$200 million in FY 1990—will provide essential resources to the Armed Forces of the Philippines (AFP), promote military professionalism, and improve morale, thereby enhancing AFP capability to support Philippine democracy. This aid is targetted on improving the AFP's ability to counter a threatening Communist insurgency by improving training and upgrading tactical mobility and communications. U.S. military assistance is also designed to improve basic field soldier morale by providing for basic soldier needs (uniforms, boots, and medical support).

The Philippine Government also confronts difficult economic challenges, including widespread poverty, unemployment, and a massive foreign debt. Our economic assistance supports the Government's reform programs, which are key to revitalizing the economy, improving social conditions, and providing essential rural infrastructure. Government reforms contributed to 6.7 percent economic growth in 1988, but further efforts are needed. Our bilateral economic assistance program (DA $55 million, P.L. 480[2] $41 million, and ESF $160 million) will continue to support the overall U.S. assistance strategy by helping reduce constraints to sustained economic growth, particularly in agriculture and rural industry and infrastructure.

In addition, the administration has requested $200 million as the initial U.S. contribution to the Multilateral Assistance Initiative (MAI). The IMF, World Bank, and Japan are expected to play major roles in the program. Other bilateral donors have expressed interest. Broad participation of donors coordinated through the MAI program, will multiply the impact of scarce assistance resources in a country vital to our interests. The MAI will support economic reforms and provide needed infrastructure to enhance the investment climate. This will encourage the emergence of the private sector as the primary engine of economic growth. Without the MAI, the Philippines likely would be unable to sustain broad-based economic growth which is essential to counter the Communist insurgency.

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361. Inauguration of the Multilateral Assistance Initiative

Address by Secretary of State Baker Before the Multilateral Assistance Initiative Pledging Conference, Tokyo, July 4, 1989[3]

It gives me great pleasure to participate in the inauguration of the Multilateral Assistance Initiative for the Philippines. I particularly wish to thank the World Bank and the Government of Japan for organizing and hosting this special occasion. Japan's extraordinary contributions to the MAI exemplify the kind of leadership befitting a global economic power.

MAI is a concrete expression of the kind of partnership and "creative responsibility-sharing" we see as the basis of a new era in East Asia and the Pacific—as I indicated in a speech to our Asia Society a week ago.[4]

President Bush and I believe that the MAI is essential if the Philippine economy is to grow and develop in a sustained, broad-based fashion over the next critical years. As an important effort based on international cooperation, the MAI will set a worldwide example of the use of multilateral assistance resources, from both public and private sector sources, in support of economic restructuring and sound environmental management.

Our purpose here today, however, is much more than strengthening economic reform in one country. It is to express in tangible ways our commitment to the success of democracy and freedom.

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[2] For text of the Agricultural Trade Development and Assistance Act, P.L. 83–480, approved July 10, 1954, as amended, which provides for the donation or sale on favorable terms of U.S. agricultural surpluses to friendly governments, see 7 U.S.C. 1691 *et. seq.*

[3] Source: Department of State *Bulletin*, September 1989, pp. 56–58. Secretary Baker visited Japan July 4–5.

[4] See Document 282.

In country after country in the world today, from Eastern Europe to East Asia, we see the dramatic relationship between economic success and democratic values. Development heightens demand for democracy; and without democracy, economic progress cannot be sustained. Thus, from its beginning, the MAI has had implications and objectives well beyond the purely economic. MAI is also critical to the future of Philippine democracy.

Few can forget the dramatic days of February 1986 when Filipinos bravely risked their lives for democracy. Just as dramatic as the success of "people power" in the Philippines has been President Aquino's persistence in reviving democratic institutions. Today, more than 300,000 Philippine public officials have been freely chosen in three elections under a new, democratic constitution. An unfettered, free-wheeling press aptly symbolizes this new spirit of freedom.

President Aquino and her government have undertaken farsighted and far-reaching economic reforms to revitalize the Philippine economy. Accelerating growth rates since 1986 reached 6.8 percent last year. This growth has come while the Philippine Government has responsibly and effectively managed a $28 billion foreign debt burden.

Nonetheless, enormous problems of poverty and development persist—problems that challenge us all to this very special effort. As a result of the 12 percent economic decline in the last difficult years before 1986, average incomes are still well below their 1981 high. During the early 1980s, unemployment mushroomed, and poverty gripped more than 60 percent of the people. The result was rapid growth of a Communist-led insurgency.

Thus, democracy in the Philippines remains fragile and under attack. The Communist movement, while probably no longer growing, continues to commit violence and exploit the vulnerabilities in Philippine society for political gain. This violence directly touched the United States in the recent tragic murder of our own Col. Nick Rowe in Manila.

The MAI concept demonstrates a determination to fortify democracy's economic base at this critical time. MAI represents an extraordinary commitment by donors that is matched by an extraordinary commitment by the Filipinos themselves.

The Philippine Government has presented here its "Agenda for Growth and Development"—an impressive program of economic restructuring focused on sustainable growth, more equitable distribution of economic benefits, reduction of poverty, and restoration of commercial creditworthiness.

This Philippine reform agenda provides the broad framework for the MAI upon which an intensified Philippine reform effort can build. MAI resources will complement and support further development and implementation of the economic restructuring and development programs set out in the agenda. This, in turn, will reinforce the progress already made in structuring a dynamic, private sector-led Philippine economy—an economy free to expand to the full potential of the richly talented and industrious Philippine people.

In the reform agenda paper, the Filipinos show their commitment to continue removing bureaucratic and administrative roadblocks to rapid and effective development. They are also committed to speeding the delivery of services that improve the daily lives of the average Filipino.

The Philippine authorities will continue the process of opening their economy to trade, investment, competition, and entrepreneurial ingenuity. And, they promise a dedication to environmental protection—including rational use, protection, and restoration of vital natural resources. They recognize that without such a commitment to conservation, economic progress in the Philippines will be built on an eroding foundation.

Thus, to succeed, the MAI must be a true partnership among concerned nations, the Philippine people, and their government—a common commitment to the future.

Special efforts must be made by all. The private sector is, ultimately, far more important than the increased official assistance we provide here. MAI is designed to produce a strong positive response from the private sector. The Philippine Government can establish a foundation for private sector-led growth by strengthening policies that stimulate economic dynamism and investment and by carefully choosing and implementing infrastructure projects. We are particularly pleased that Korea and Singapore, two countries with enormously successful experience in this regard, have joined us here to participate in the MAI effort.

The MAI serves as a challenge to international business to broaden its own commitment to the Philippines. Strong support for Philippine democracy—exemplified by the MAI commitments that the United States and other donors will make here—shows faith in the Philippine economic potential as well. The international business community must join with the Filipino business community in a concerted effort to realize that potential.

The United States is prepared to back its investment in the future of Philippine democracy. President Bush has asked the U.S. Congress for a multi-year commitment of $1 billion for the MAI. For the first year of the program, the United States is seeking to provide $200 million in special grant assistance, above and beyond our already large economic assistance program.

Members of Congress from both parties and both Houses have played a pivotal role in launching the MAI. Senators Lugar and Cranston, Representative Solarz and former Representative—now Secretary [of the Department of Housing and Urban Development]—Kemp originally promoted this special program for Philippine democracy. They and other interested Members of Congress of both parties have joined with us in laying its foundation. With the strong bipartisan support the Philippines enjoys, we will work hard with the Congress for approval of this $200 million as the initial U.S. contribution to the success of the MAI.

The United States expects to support directly a number of key Philippine objectives with its MAI assistance.

Our first priority is to expand the scope and role of the private sector in the Philippine economy by strengthening macroeconomic and structural reform. Such reform, coupled with badly needed infrastructure projects will contribute to developing an appropriate environment for attracting private investment from home and abroad.

Another important MAI objective is the reduction of the Philippines debt and debt service burden. Such a reduction will be a key factor in the Philippines' efforts to increase its reliance on investment and other private capital inflows, in place of official sources of financing, over the 5-year period of the MAI. The Philippines has expressed its intention to pursue the options for debt and debt service reduction embodied in Treasury Secretary Brady's proposals to strengthen the international debt strategy. Thus, we expect that U.S. assistance under the MAI will add to funds available from the IMF, World Bank, and other sources to support market-oriented operations to reduce the Philippines' debt and debt service.

Another key objective of U.S. participation in MAI is the rational management of natural resources to ensure that today's growth builds—and does not destroy—the resource base needed for the Philippines' future prosperity. We would like to see protection of the environment and natural resource conservation become the focus of a special, follow-on meeting in the near future. Innovative programs with the private sector, such as debt-for-nature swaps, should also be considered as a means of expanding the resources available for environmental research and protection.

Finally, we see the MAI as an exciting opportunity to broaden and institutionalize donor cooperation. As the two largest bilateral donors to the Philippines, the United States and Japan have worked together closely to shape the MAI as an experiment in enhanced coordination. Just as the intergovernmental group on Indonesia has played a formative role for two decades in Indonesia's dramatic economic revival, we anticipate that the MAI will attract substantial support from an increasing number of nations. And in MAI we see a means by which the international community can give regular support to the Philippine Government's efforts to advance economic reform—thus strengthening the foundation of Philippine democracy.

In closing, let me just note that today is a very special day in U.S.-Philippine relations—the Fourth of July. For many years, Filipinos and Americans have remembered

July 4th as Philippine-American Friendship Day, to reinforce our traditionally close relationship. It is in this spirit that the United States has helped to pioneer the MAI. And it is in this spirit that the United States is proud to join in partnership with the remarkable range of allies here, today, in this important joint effort to promote democracy and prosperity in the Philippines.

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362. Visit by President Aquino

Statement by President Bush, November 9, 1989 (Extract)[5]

Ms. President, welcome back to the United States, and welcome back to the White House. You last visited our country just months after the "miracle of people power." The changes in your country since that time are truly exciting. Your leadership has made the Philippines a beacon of democracy worthy of imitation throughout the world. Your economy is growing toward full recovery. We salute you, and we salute the Philippine people for vision, perseverance, and the successes that you have achieved.

We're looking forward to this opportunity to get better acquainted, to consult closely on the broad range of issues and concerns that we share. And high among these concerns, I know, is the promotion of private investment and trade between our two countries, the key to balanced, long-term growth.

Three years ago, when you rang the bell of freedom in Manila, America cheered and rose in awe. When your words rang from the rafters of our Congress, our leaders stood up and gave you the most thunderous reception given any foreign leader in more than a generation. And just yesterday, when you rang the bell on the New York Stock Exchange, the market climbed 26 points. [Laughter] So, the message is simple: From Main Street to Wall Street, America loves the Philippines, and America loves Cory Aquino.

You deserve our help, and you will get it. I pledge our continuing assistance to your government, and that means security assistance as well as aid to economic development. And it means cooperating in your important debt-reduction program. Your priorities are our priorities: reform—administrative and economic; recovery—new investment, encouraged by sound infrastructure and sound policies; renewal—help with alleviating poverty and preserving the environment; resistance—to the murderous anti-democratic forces of the Communist insurgency.

Earlier this year, America's Independence Day marked the successful launch of the Multilateral Assistance Initiative. This unique program, developed with Japan and the World Bank and the International Monetary Fund and other donors, bolsters your efforts to refuel and restructure the Philippine economy. Today Congress stands ready to provide support for the first year of America's contribution to this initiative. And my appointment of one of our most preeminent statesmen, Ambassador Elliot Richardson, as my personal representative for the initiative, shows the priority we accord to its success. With your government's continued dedication to administrative reform, effective project implementation, economic restructuring, the promise of this initiative will be fulfilled.

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[5] Source: ***Weekly Compilation of Presidential Documents***, November 13, 1989, pp. 1708–1709. President Bush spoke at the welcoming ceremony at the White House for President Aquino. Following the ceremonies, the two Presidents met in the Oval Office. President Aquino's visit to Washington was the initial stop on her November 7–10 trip to several cities in the United States to promote increased U.S. investment in the Philippine economy.

363. U.S. Military Assistance to the Aquino Government

Letter From President Bush to the Speaker of the House of Representatives (Foley), December 2, 1989[6]

Dear Mr. Speaker: In the early morning of December 1, 1989 (local time), a coup attempt was launched against the constitutional government of the Philippines. The coup began when rebel forces, apparently under the leadership of Lieutenant Colonel Gregorio Honasan, seized Villamor Air Force Base adjacent to Aquino International Airport in Manila. Over the next twelve hours, rebel forces attacked Philippine military installations, broadcasting stations, and other government facilities. Rebel forces also seized the Philippine Sangley Point Naval Station and other installations. Rebel controlled aircraft bombed and strafed the presidential palace and the Constabulary Headquarters. In this context, President Aquino formally requested limited U.S. military assistance to support her forces as they attempted to put down the coup.

In response to this request, shortly after midnight on December 1 (Washington time), I ordered armed U.S. aircraft stationed at Clark Air Field to establish a protective cover over Villamor and Sangley Point to prevent rebel aircraft from taking off. No rebel aircraft attempted to take off, and U.S. aircraft did not fire. There were no U.S. casualties.

At present, I do not foresee the need for U.S. military action in addition to the measures described above. I am prepared, however, to take additional actions to protect the lives of Americans, should they be threatened, and, if requested, to provide further assistance to the Government of the Philippines. In this connection, I note that, as a precaution, I dispatched a company of U.S. Marines to reinforce Marine guards at our Embassy.

This measured action by U.S. Forces was taken at my direction in accordance with recognized principles of international law and pursuant to my constitutional authority with respect to the conduct of foreign relations and as Commander in Chief. I am mindful of the historical differences between the executive and legislative branches and the positions taken by me and all my predecessors in office with respect to the constitutionality of certain provisions of the War Powers Resolution.[7] I am sharing this information with you consistent with that Resolution.

Our two branches have worked together over the years to provide assistance to the democratically elected government of the Philippines. I look forward to continued close cooperation with Congress in order to further this important policy.

Sincerely,

George Bush

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364. Prospects for Philippine Democracy

Statement by the President's Special Representative for the Multilateral Assistance Initiative (Richardson), December 5, 1989[8]

I returned today from an official visit to the Philippines and want to place the events of the last few days there in perspective.

Philippine democracy, led by President Corazon Aquino, has again prevailed over forces seeking its overthrow. These forces, comprised of misguided rebellious soldiers and their opposition political backers, constitute a small minority of Filipinos. After most earthquakes come aftershocks. The Philippines experienced a political earthquake in 1986, which ousted former President Marcos and brought President Aquino to power. Six subsequent coup efforts are the aftershocks of unsuccessful attempts to depose the country's new democracy. Their perpetrators, like the Communist rebels, arrogantly assume that they can seize power through terrorism and rule the Philippines at gunpoint. They cannot.

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[6] Source: *Weekly Compilation of Presidential Documents*, December 11, 1989, pp. 1867–1868. An identical letter was sent at the same time to Senator Robert C. Byrd, President pro tempore of the Senate. The text of the letter was released to the press on December 3 by the Office of the Press Secretary to the President.

[7] P.L. 93–148, approved November 7, 1973; 87 Stat. 555.

[8] Source: Department of State files. The text of the statement was released by the Department of State.

President Aquino stands for opposite values, ones we Americans cherish for ourselves and should admire in her administration. These include respect for the constitution, the rule of law, and democratic freedoms.

I was strongly encouraged by what I saw in the Philippines. I met with President Aquino, the senior economic secretaries in her cabinet, Senate President Salonga, House Speaker Mitra, prominent Philippine and American business leaders, and many others. I traveled to Davao and [visited] General Santos in Mindanao to inspect sites for future USAID projects.

Without exception, I found the country's leadership committed to democratic practices and to improving the people's living standards. Economic growth has been steady for over 3 years, and investment this year reached record levels. Foreign investment in the Philippines has also been strong. Companies already there are reinvesting heavily, while new investment is coming from Taiwan, Japan, Hong Kong, and elsewhere.

In the words of President Aquino, "two Pacific democracies stood shoulder-to-shoulder in the defense of freedom" last week. It is now her task to find ways to overcome, as quickly as possible, the damage to investor confidence that has undoubtedly resulted from the failed coup attempt. In this task, she will have the strong support of the United States and the 20 other countries participating in the Philippine assistance program.

President Aquino is on the right track. Her economic policies were recently commended by the World Bank. The potential for economic growth throughout the Philippines remains high, as I found during my talks in Manila and travels in Mindanao. Nothing has changed fundamentally as a result of the coup attempt. These are the realities. I shall be working closely with the U.S. Congress and the American private sector to make sure that they are widely understood.

365. U.S. Commitment to the Aquino Government

Interview With Secretary of State Baker, December 10, 1989 (Extract)[9]

. . . .

Q. How much and in what way is the United States committed to preserving the Aquino government from extralegal overthrow?

A. The United States is totally, absolutely, and completely committed to the Aquino government as a government that was elected in a free, fair, and open election. We don't like to see governments that are duly elected democratic governments overthrown by bullets and bayonets. So we are committed—

Q. What does our commitment mean?

A. It means that we are committed at least to the extent that you saw that commitment expressed objectively during the course of this last coup attempt. We're committed economically as well. We're committed politically. There, we were committed—the President committed us very briefly, and to a limited extent—militarily.

Q. But you said absolutely and totally committed.

A. Yes, politically and economically. The extent of our military commitment is something that the commander in chief will decide on a case-by-case basis.

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[9] Source: Department of State Press Release No. 244, December 11, 1989. Secretary Baker was interviewed on ABC TV's "This Week With David Brinkley" by David Brinkley, Sam Donaldson, and George F. Will.

N. Vietnam

366. Resumption of U.S.-Vietnamese Discussions

Statement Issued by the Department of State, June 14, 1989[1]

Senior Deputy Assistant Secretary Robert Funseth (RP) and Deputy Assistant Secretary David Lambertson (EAP), met with Vietnamese Foreign Minister Nguyen Co Thach in Geneva June 14.

The primary purpose of the meeting was to discuss the resumption of negotiations of the emigration to the United States of reeducation center detainees and their families. It was agreed that those negotiations, suspended by Vietnam in August of last year, would resume next month at a date and place to be determined.

The United States welcomes the Vietnamese decision to resume discussions on this important humanitarian issue.

In his statement at the Indochinese Conference on Indochinese Refugees on June 13,[2] Lawrence Eagleburger, the Deputy Secretary of State declared:

> "The world looks to Vietnam to provide full opportunity for resettlement to those who have been detained in reeducation camps. Nothing the Socialist Republic of Vietnam could do in this area would be more favorably received by the United States and the international community. In 1984 President Reagan affirmed the commitment of the American people to welcome with open arms prisoners, and their families, from reeducation camps. Today I reaffirm that commitment on behalf of President Bush. And I call upon Vietnam to resume negotiations with the United States, looking toward the day when this large group of excluded persons will be allowed to emigrate. Only then will the orderly departure program become a true alternative to clandestine departure."

In addition, the two sides exchanged views on the Cambodian situation. The U.S. side stressed that there must be a negotiated comprehensive settlement of the conflict as the best means of ensuring a durable peace, and that Prince Sihanouk must be permitted to play a central role in any transition government which is agreed upon. We also emphasized the importance of effective international guarantees.

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367. Orderly Departure Program From Vietnam

Statement by the Acting Director for Refugee Programs, Department of State (Funseth), June 28, 1989[3]

Thank you, Mr. Chairman. I am pleased to have this opportunity to discuss developments in the Orderly Departure Program in the context of the evolving Southeast Asia refugee situation. This innovative admissions program is designed to provide Vietnamese a viable alternative to dangerous clandestine departure by boat or over land and has enjoyed broad bipartisan support. With the adoption on June 14 of the comprehensive plan of action at the International Conference on Indochinese Refugees in Geneva, Switzerland, the central role of the Orderly Departure Program in reducing the extreme suffering and hardship caused by the clandestine departures was unanimously reaffirmed.

I will review briefly the outcome of the International Conference, the existing and projected agreements and arrangements for boat people rescued at sea, and how orderly departures from Vietnam for the United States are conducted. The ODP was instituted at the first International Conference on Indochinese Refugees in

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[1] Source: Office of Press Relations, Department of State; posted statement. The statement was issued in response to a question asked at the Department of State Daily Press Briefing earlier that day.

[2] See Document 287.

[3] Source: *Orderly Departure Program and U.S. Policy Regarding Vietnamese Boat People: Hearing Before the Subcommittee on Immigration, Refugees, and International Law of the Committee on the Judiciary, House of Representatives, One Hundred First Congress, First Session* (Washington, 1990), pp. 7–10. Bruce A. Morrison, chairman of the subcommittee, presided over the session. For Funseth's prepared statement, see *Current Policy* No. 1199, Bureau of Public Affairs, Department of State, June 1989.

Geneva in 1979. At the conclusion of that Conference, the Socialist Republic of Vietnam and the Office of the U.N. High Commissioner for Refugees concluded a memorandum of understanding for this Orderly Departure Program.[4]

By that memorandum, Vietnam agreed to authorize the exit of those people who wished to leave Vietnam and settle in foreign countries, family reunion, and other humanitarian cases. Unfortunately, the number of exit permits issued by Vietnam never kept pace with either the number of applications from eligible persons or the capacity of resettlement countries. Nearly 30 nations participate in this program, coordinated by the U.N. High Commissioner for Refugees, under which more than 160,000 people have been able to leave Vietnam legally without the risk to their lives that boat departures entail.

During the past year, over 75,000 Vietnamese refugees have resettled in the United States via the ODP. However, during that same period, hundreds of thousands of persons fled Vietnam by boat. Thus, the Orderly Departure Program did not become the truly viable alternative to clandestine departure its authors envisaged.

The comprensive plan of action, called the CPA, adopted by acclamation at the Conference in Geneva on June 14, declares that the ODP should be fully encouraged and promoted. It states that "emigration through regular departure procedures and migration programs should be accelerated and expanded with a view to making such programs the primary and eventually the sole mode of departure."

In order to achieve this goal, the plan of action called for several measures to be undertaken, including widely publicized media campaign to increase awareness of regular departure procedures and migration programs for departure from Vietnam. Another very important measure was that all persons eligible under regular third-country migration programs, Amerasians and former reeducation center detainees will have full access to regular departure procedures and migration programs. It provided that the problem of former reeducation center detainees will be further discussed separately by the parties concerned.

Although the Conference in Geneva reached agreement on actions and procedures to be taken to encourage Vietnamese not to resort to dangerous boat departures, agreement was not reached on how to handle cases of Vietnamese rescued at sea. Currently, there are two programs that facilitate the rescue and disembarkation of Vietnamese asylum seekers at ports of call in Southeast Asia and elsewhere in the world.

These are called the Rescue-At-Sea Resettlement Offers Program [RASRO][5] and the Disembarkation Resettlement Offers Program [DISERO]. Virtually all governments agreed that a new system to replace RASRO and DISERO must be developed that preserves incentives to shipowners and shipmasters to rescue boat people in distress on the high seas, and is consistent with the new procedures adopted by the Conference. Final agreement on such a system has not yet been reached.

We would like to see the automatic resettlement guarantees provided by RASRO and DISERO replaced by refugee determination screening, as called for by the Conference. UNHCR is actively seeking agreement on such a system. Until it is settled, however, our first priority is to continue guarantees to shipmasters and ports of call so that no asylum seekers' lives will be needlessly put in danger.

The U.S. Orderly Departure Program started off with only 2,219 departures in fiscal years 1980 and 1981, and expanded gradually until 13,371 persons left safely in fiscal 1985. In fiscals 1984 and 1985, the goal of the ODP to provide a safe and legal means of departure Vietnamese wishing to immigrate seemed to be obtainable as more Vietnamese departed via the ODP than by boat during both years.

On January 1, 1986, however, unfortunately, Vietnam unilaterally suspended interviewing for the U.S. ODP and severely restricted access of other resettlement countries, as well. The hiatus in interviewing lasted until September 1987, when new procedures agreed to during a series of technical talks were implemented which are the basis for the regular programs in operation today.

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[4] See *American Foreign Policy: Basic Documents, 1977–1980*, pp. 1109–1110.

[5] All brackets in the source text.

We began this fiscal year with a level of 25,000 for the admission for refugees and Amerasian immigrants in the ODP, nearly triple that of the previous year. This ceiling represents programs funded under the migration and refugee assistance account and is in addition to the 20,000 immigrant visas which may be issued under the preference visa system and the unlimited number of immediate relatives of American citizens who may be admitted in any year.

When it became clear that Vietnam would not agree to a resumption of talks on the reeducation center detainees, we reallocated numbers originally intended for this population to the regional ceiling for Soviet and East European refugees. The resultant fully funded ceiling of 19,500 for the ODP appeared to be all that the transportation and processing system out of Vietnam would be able to handle. With the help of the Intergovernmental Committee for Migration [ICM] which assists us in the processing and movement of refugees worldwide, the transportation difficulties eased somewhat in the spring.

We included in both our supplemental request and the emergency consultations proposal the restoration of 2,500 of the previously reallocated numbers to the ODP for a final revised level of 22,000. I'm pleased that we now have a Presidential determination establishing that ceiling and the supplemental appropriations from Congress to make it possible to use these admissions numbers. However, it remains uncertain, as of today, whether we will be successful in moving that many people out of Vietnam.

At the Geneva Conference, the United States called on Vietnam to set an initial target of 6,000 departures under ODP to all resettlement countries per month. We plan to assign additional personnel to the program so that our interviews in Vietnam can increase from 3,000 to 4,500 per month. Authorization to accomplish this has already been transmitted to our Embassy in Bangkok and will commence with the August interview trips to Ho Chi Minh City.

Since the beginning of the program, there are two groups of Vietnamese refugees who have been of special humanitarian concern, not only for the U.S. Government, but for all Americans. I refer, of course, to Amerasian children fathered by Americans in Vietnam and to Vietnamese who suffered detention in reeducation centers because of their association with the United States or with the former South Vietnamese Government.

In September 1984, Secretary Shultz, in statements before this committee and the Senate Judiciary Committee, announced on behalf of President Reagan a major U.S. humanitarian initiative to settle the Amerasian children and to seek the release and resettlement of those persons imprisoned in Vietnam so-called reeducation centers. We are having considerable success with the Amerasian part of the initiative, with more than 6,000 children and 10,000 relatives, totaling 16,000 persons having been resettled so far.

We are also gratified that the reeducation center detainee population has been reduced; according to the Vietnamese, from 7,000 persons in 1985 to about 200 at present. We remain profoundly disappointed, however, that only 600 detainees and 2,400 of their family members, totaling 3,000 persons, have been allowed to leave Vietnam and continued detention of at least 200 persons remain, along with the unresolved POW/MIA issue, the last, most painful unhealed wound of the war and the cause of anguish and suffering within the Vietnamese-American community in this country.

After 6 years of unrelenting U.S. diplomatic efforts, we finally succeeded in having the Vietnamese begin negotiations in Hanoi last July, achieving an agreement in principle. Shortly thereafter, the Vietnamese temporarily suspended further negotiations. Since that date, the Vietnamese rebuffed all of our efforts to resume talks, until the breakthrough on June 14 in Geneva when, in a bilateral meeting, the Vietnamese agreed to resume the talks in Hanoi next month. We are gratified at this positive response of Vietnam to resume negotiations.

Mr. Chairman, I have touched only on the most important developments in the Orderly Departure Program and its central role in reducing the suffering caused by dangerous clandestine departure. The success of the comprehensive plan of action will rest in a substantial manner on the successful implementation of the measures designed to ensure that emigration through regular departure procedures and migration programs should be accelerated and expanded with a view to making such programs the primary and eventually the sole mode of departure.

Reuniting Americans with their family members in Vietnam, beginning the Amerasian Immigration Program, expanding refugee, immigrant and Amerasian departures to more than double the previous year's levels and, now, the possibility that we might be able to increase substantially our resettlement of reeducation center detainees are all significant accomplishments of a humanitarian program which contributes significantly to the U.S. foreign policy goal of safeguarding first asylum in Southeast Asia. Thank you.

MR MORRISON. Thank you very much, Mr. Funseth.

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368. "I Call on Hanoi . . . To Shed Light on the Fate of Your Loved Ones"

Statement by President Bush Before the Annual Meeting of the National League of POW/MIA Families, July 28, 1989 (Extract)[6]

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In Southest Asia, there are Americans who are unaccounted for. And as I said in my Inaugural Address,[7] in part, "Assistance can be shown here and will be long remembered. Good will begets good will." And we appreciate Vietnam's increased responsiveness to that appeal. An unprecedented level of joint operations has already brought significant progress. But despite our increased activities, many questions remain. And once again, I call on Hanoi to swiftly dispel the shadow of doubt, to shed light on the fate of your loved ones. I call on Hanoi to remove the last vestige of armed conflict between us. We look forward to normalizing our relations with Vietnam, once a comprehensive settlement has been achieved in Cambodia. And that settlement must include genuine power sharing with the non-Communist Cambodians, led by Prince Sihanouk, and an internationally-verified troop withdrawal. But Hanoi must clearly understand that as a practical matter the pace and scope of this process will be directly affected by the seriousness of their cooperation on the POW-MIA and other humanitarian issues.

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369. Conditions for Normalization of Relations

Statement Issued by the Department of State, July 28, 1989[8]

As part of his preparations for his trip to Paris this weekend to attend the opening session of the International Conference on Cambodia,[9] Secretary Baker met today with Special Presidential Emissary General John W. Vessey, Jr. (USA, Ret.). They reviewed current developments in our efforts to enhance cooperation with the Vietnamese on the POW/MIA and other humanitarian issues. Secretary Baker expressed his appreciation for General Vessey's dedication and leadership in our continuing efforts to achieve the fullest possible accounting of Americans still missing in Indochina.

As we have said many times, normalization of relations with Vietnam can only occur in the context of an acceptable political settlement to the Cambodian conflict which includes the verified withdrawal of all Vietnamese troops from that country.

The Vietnamese know as well that, as a practical reality, the pace and scope of normalization will be affected by their continued cooperation with us on the POW/MIA and other humanitarian concerns.

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[6] Source: *Weekly Compilation of Presidential Documents*, July 31, 1989, p. 1177.

[7] See Document 2.

[8] Source: Office of Press Relations, Department of State; posted statement.

[9] See Documents 298 and 299.

370. Agreement on Emigration of Released Reeducation Center Detainees

Joint Statement Issued by the United States and the Socialist Republic of Vietnam, July 30, 1989[10]

Representatives of the United States and the Socialist Republic of Vietnam at a meeting in Hanoi July 27–29, 1989, announced that they hope to commence by October 1989 a program for the resettlement in the United States of released reeducation center detainees and their close family members who wish to emigrate to the United States. The Vietnamese Delegation was led by Assistant Minister of Foreign Affairs Vu Khoan. The U.S. Delegation was led by Senior Deputy Assistant Secretary of State Robert L. Funseth, Acting Director of the Bureau for Refugee Programs.

The Socialist Republic of Vietnam and the United States of America, in order to resolve one of the issues of mutual concern to the two countries and consistent with their humanitarian policies and with the commitments undertaken in the declaration and the comprehensive plan of action adopted by the UN International Conference on Indochinese Refugees[11] [June 13–14, 1989],[12] will—in addition to existing programs—allow those released reeducation center detainees who were closely associated with the United States or its allies and who wish to do so to emigrate, together with their close relatives, to the United States.

The U.S. Delegation declared that released reeducation center detainees coming to the United States would be subject to all U.S. laws, including those affecting the activities of U.S. residents toward other countries. The U.S. Delegation reaffirmed that the United States has not encouraged nor does it have any intention of encouraging or using released detainees to engage in any illegal activities hostile or harmful to Vietnam—and is opposed to any such activities—and that the United States will accept these persons solely for humanitarian reasons and not for any hostile actions against Vietnam. The Vietnamese Delegation also reaffirmed that Vietnam has not and will not encourage or use released detainees to engage in illegal actions hostile or harmful to the United States.

The two sides drew up a draft agreement, which included a technical annex, and agreed to establish a joint working group to coordinate implementation of the program. The two sides agreed that the program would be in addition to the existing Amerasian and orderly departure programs.

The two sides expressed great satisfaction with the results achieved and expressed hope that the first group of 3,000 persons for resettlement in the United States under this agreement will depart Vietnam before the end of the year after processing is completed.

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371. "Normalization of U.S. Relations With Vietnam Would Be Premature"

Prepared Statement by the Deputy Assistant Secretary of State for East Asian and Pacific Affairs (Lambertson), October 2, 1989 (Extract)[13]

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We have made clear that normalization of relations between the United States and Vietnam can occur after a complete and verified withdrawal of Vietnamese troops from Cambodia *in the context* of an acceptable political settlement to the Cambodian conflict. The Vietnamese know as well that, as a political reality, the pace and scope of the normalization process will be affected by their continued cooperation with us on the POW/MIA issue and other humanitarian concerns.

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[10] Source: Department of State *Bulletin*, November 1989, p. 63.

[11] See Document 287.

[12] Brackets in the source text.

[13] Source: *U.S. Policy Toward Indochina: Hearing Before the Subcommittee on East Asian and Pacific Affairs of the Committee on Foreign Relations, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), p. 16. Chairman of the subcommittee, Alan Cranston, presided over the session.

In light of all these developments, including Vietnamese intransigence in Paris, the current stalemate regarding a comprehensive settlement, and apparent movement backwards toward a military option, normalization of U.S. relations with Vietnam would be premature. In the current situation, we plan to steadfastly maintain our support for the diplomatic and economic isolation of Vietnam as a reminder to the Vietnamese that attempts to manipulate international opinion will not provide a real basis for improved relations with other countries.

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372. Review of Progress on POW/MIA Issue

Statement by the President's Press Secretary (Fitzwater), November 6, 1989[14]

The President met today with Special Presidential Emissary for POW/MIA Affairs General John W. Vessey, Jr., USA, Retired. They reviewed the progress made during General Vesssey's discussions in Hanoi on October 29 and 30 with Vietnamese Vice Premier Nguyen Co Thach.

On the POW/MIA issue, General Vessey told the President that a number of agreements were reached. One was to refine and expand the process of joint cooperation to resolve the compelling discrepancy cases, including additional research to resolve the fate of these Americans.[15] General Vessey told the President of his discussions on the progress and cooperation on the orderly departure program, the emigration of Amerasian children, and the resettlement of former reeducation center detainees. They also discussed the effort of American nongovernmental organizations to assist the people of Vietnam with humanitarian help.

Finally, the President and General Vessey discussed perspectives on Cambodia. The President said he was very pleased to hear of the agreements to expand efforts to resolve the POW/MIA issue and looks forward to continued progress on this and other humanitarian concerns.

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[14] Source: *Weekly Compilation of Presidential Documents*, November 13, 1989, p. 1686.

[15] On November 7, President Bush was asked at a press conference to elaborate on his discussions with General Vessey and specifically if there was information about live MIA's in Vietnam. Bush responded:

> "No information at all about that. A new openness, according to General Vessey, on the part of the Vietnamese leaders, a new spirit, a stepped-up spirit of cooperation in terms of accounting for remains . . . .
>
> "But I think the bottom line is, he was quite encouraging about the kind of cooperation he was receiving. He also relayed to me what I think all of us know: that Vietnam keeps sending signals that they want improved relations." (*Ibid.*, p. 1694)

Chapter 14. Africa

A. Regional Policy

373. FY 1990 Aid Request for Sub-Saharan Africa

Prepared Statement by the Administrator, Agency for International Development (Woods), January 10, 1989 (Extract)[1]

I. AFRICA IN THE 1980s

In the first half of the decade, many of the economies of sub-Saharan Africa entered a period of free fall. The economic catastrophe of this period was deepened by the devastation of severe drought and war. The year 1985 saw the beginning of a series of important changes supporting economic recovery in a significant number of countries. The principal impetus to change was the severe financial pressures under which most African governments were operating. In spite of good harvests, due in large measure to increased rains, declines in world commodity prices for many African exports (cotton, minerals, and groundnuts), coupled with burgeoning debt service, forced many governments to turn to the International Monetary Fund (IMF) and to the donors for assistance in structural adjustment. For the first time, many African leaders acknowledged the need to change old ways of doing business—to reform their nations' economic systems.

By the end of 1988, 27 countries in sub-Saharan Africa were actively engaged in some form of macroeconomic adjustment program supported by both multilateral and bilateral donors. However, a shortage of financial resources, due in large measure to continued weakness in the prices of the commodities which dominate export earnings and declining private investments, continues to exert a serious drag on economic growth in Africa, despite increased assistance flows and the moderate debt relief associated with these programs.

Major Changes in U.S. Development Assistance

In 1987, Congress passed a special appropriation for sub-Saharan Africa—which AID is implementing as the Development Fund for Africa (DFA). It was Congress' clear intent that AID would no longer conduct business as usual in Africa but would, instead, seek out new ways to improve significantly the coherence and effectiveness of U.S. assistance to the region in *renewing economic growth which is broad-based, market-oriented and, above all, sustainable.*

The country narratives in this volume show how AID's programs in Africa are already beginning to reflect this mandate. The proposed program for FY 1990 takes advantage of our recent, encouraging experience with expanded use of nonproject assistance modalities, for example, and uses the lessons learned from the wide array of project activities which have constituted our assistance portfolio since the early 1970s. It incorporates AID's intention to integrate, focus, and streamline both project and nonproject activities in Africa.

In this overview, we focus on the flexibility and opportunities inherent in the DFA and how we intend to use these to respond successfully to the DFA initiative. Even though the DFA is little more than a year old, we can already point to several areas of impact that cut across country programs:

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[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 2, pp. 31–44. For other extracts from this statement, see Documents 386, 387, 431, and 432.

—Applying the concept of *performance-based programming*, we are concentrating DFA resources in *fewer countries with more growth potential*. With agreement from other U.S. Government organizations, we have begun, as part of the Initiative to End Hunger in Africa, to move toward application of this concept to programming food aid as well.

—Employing nonproject assistance modalities, we are addressing *systemic development problems* as well as the *growing need for private sector development* support.

—Meeting in both formal and informal settings, we have promoted *closer collaboration with other donors and private voluntary organizations* (PVOs).

—Operating under less restrictive procurement rules, we have *reduced staff time devoted to procurement* and freed personnel to concentrate on project implementation.

—Freed of constraints caused by the allocation of resources by functional accounts, we have moved toward *more efficient programming of current year resources* for current year needs.

The impact these steps have had on individual country programs in Africa is also visible. First, resources have been shifted away from countries which are poor performers toward those which have embraced reforms and moved their economies toward increased growth. Liberia, Sudan, and Zambia together will see their share of the bilateral DFA resources decline from 15% in FY 1987 to roughly 5 percent in FY 1990; Ghana, Guinea, Madagascar, Mali, Malawi, and Uganda will access 28% of DFA resources in FY 1990 as compared to 14% in FY 1987.

Second, resources within countries are being directed to the support of efforts in which AID's resources are being more integrally blended with those of the recipient public and private organizations to permanently alter the way that production and social systems function. We have found that integration of our own resources—DFA, ESF, and food aid—is also possible. Through careful programming, these resources can have important complementary effects, permitting us to address the different kinds of problems which occur with different assistance tools and, thus, to be more effective overall.

In Niger, for example, government policy on exports has inhibited trade and limited incomes for producers of exportable agricultural commodities. Using the African Economic Policy Reform Program (AEPRP) approach, AID has encouraged the government to make the policy and regulatory changes needed to stimulate trade and boost agricultural earnings as producers find buyers outside Niger—even though in the short run this means a loss in public revenues from export tariffs. In addition to compensating for this revenue shortfall, AEPRP resources also support essential complementary activities—setting up a trade promotion center in neighboring Nigeria and collecting and disseminating market information to traders and farmers. By dealing simultaneously with policy, resource, organizational, and information constraints in a sector, the AEPRP nonproject assistance approach has been a useful model for increasing the effectiveness of sectoral assistance under the DFA.

We expect this systemic, nonproject sector approach to account for a greater share of DFA activities in FY 1990 in Africa. Sector assistance will also form a larger part of all priority country programs. The fast-growing program in Madagascar, for example, combines nonproject support for liberalization of export markets, expected to have a widespread and direct impact on increasing agricultural production incentives in the relatively near future, with a selection of project interventions (agricultural research, family planning, resource conservation) needed to increase peoples' incomes and opportunities over the longer term.

We are committed to strengthening this performance-based programming approach in the coming years. Section III below provides a more detailed discussion of the objectives we plan to achieve in implementing the DFA. By continually focusing all available assistance resources on those issues which are of critical importance to the prosperity of Africa and tracking our progress in meeting our performance targets, we intend to make U.S. assistance to Africa as effective as possible.

II. THE FY 1990 REQUEST

For FY 1990, AID is requesting $565 million for the Development Fund for Africa (DFA), including $50 million for the Southern Africa Regional Program that supports the efforts of the Southern Africa Development Coordination Conference (SADCC). In addition, $83.3 million in Economic Support Funds (ESF) are requested to support strategic interests justified on political and security grounds. To the extent practicable, ESF resources will be utilized so as to maximize their development impact and to complement and support DFA and P.L. 480 initiatives. The administration also requests $171.5 million in P.L. 480 resources which we intend to use to the greatest extent possible in support of our programmatic objectives.

The Agency assists over 40 countries in Africa. However, in order to give maximum impetus to the economic growth which is so needed in Africa, resources must increasingly be allocated on the basis of economic performance and potential for growth, as well as need. Thus, within the proposed FY 1990 request, over half of bilateral DFA will be targeted to 10 major high-performing countries; 20 of the high-performing, high-potential countries will receive approximately 80% of the DFA resources. The requested allocation for the African Economic Policy Reform Program (AEPRP) has been increased from $50 million in FY 1989 to $55 million in FY 1990. At the same time, we propose that $15 million of the requested $565 million for the DFA be used to ameliorate the worst effects of locust infestations and other natural disasters in Africa.

AID continues to support a comprehensive program of economic assistance for SADCC, a regional body formed in 1980 by Botswana, Lesotho, Swaziland, Zimbabwe, Mozambique, Tanzania, Malawi, Angola, and Zambia with the twin goals of coordinating regional development and reducing economic dependence on South Africa. SADCC's top priority is the establishment of viable transport outlets independent of the longer and costlier South African routes. Other sectors of increasing importance to SADCC and its member countries are trade and food production. For FY 1990, in addition to continuing its support of the transportation and agriculture sectors, AID will support new activities designed to improve the export performance of countries in the region, and to help African entrepreneurs increase their participation in productive activity.

III. AID PRIORITIES IN IMPLEMENTING THE DFA

The goal of the DFA—sustainable, broad-based, and market-oriented economic growth in Africa—can be operationalized in terms of four strategic objectives:

1. improving public *management of African economies* by redefining and reducing the role of the public sector and increasing its efficiency;

2. strengthening *competitive markets* so as to provide a healthy environment for private sector-led growth;

3. developing the *potential for long-term increases in productivity* in all sectors; and

4. improving *food security.*

Progress toward achievement of the goal of the DFA and these strategic objectives implies concerted progress in all sectors of the economy—agriculture, health, education, transport, public administration, industry, banking, and commerce. Specific circumstances such as the country's policies, institutional strengths, the natural resource base, and other donor programs will determine in which sectors AID will be active in any particular country. These will be determined in the country strategy development process. Regardless of the sector(s) in which a particular country program is concentrated, our approach to that sector will reflect these common strategic objectives.

A number of targets which, in our view, are critically important to the achievement of each objective are detailed below. Specific benchmarks which reflect progress in accomplishing the goal will be developed in the coming year. We intend to use both targets and benchmarks to facilitate substantially improved monitoring, evaluating, and reporting on the performance of both AID and the countries receiving AID assistance.

Further, we intend to develop baseline data in each of these areas which will enable us to develop more quantitative indicators by which to measure performance. The indicators will be refined through discussion with AID missions, technical specialists, other donors, and PVOs in the upcoming year.

A. *Strategic Objective One: Improving Public Management of African Economies by Rede-*

fining and Reducing the Role of the Public Sector and Increasing Its Efficiency

African economies, by and large, are characterized by substantial public sector involvement. The result of this approach to development has been economic stagnation, corruption and cynicism. Good economic management centers on: (1) ensuring that fiscal and monetary policy are such as to reduce the cycles of boom and bust, of inflation and recession, that market economies are subject to; (2) reducing public sector involvement in areas better suited to private investment and risk-taking; and (3) using public monies to provide "public goods" efficiently and equitably.

AID actions will be focused on improving management of African economies by:

—*improving stability* in African economies through better management of debts, fiscal and monetary policies;

—*reducing government involvement in production and marketing* of goods and services; and

—*improving equity and efficiency in providing key public goods* particularly population policy and family planning, health, education and transportation.

Instability is, of course, an inherent feature of many African countries because their production varies greatly with weather and their ability to affect volatile international market prices is virtually nil. Economic stability is a necessary condition for substantially increased private investment as well as for effective public administration. With the help of the IMF, many countries in sub-Saharan Africa have been able to reduce fiscal instability, albeit at a high cost—reduced investment and reduced incomes. The IMF has been, and will continue to be, the lead player in economic stabilization. However, AID must understand the demands which a stabilization effort places on various sectors of the economy and must be fully aware of the consequences which success or failure in stabilization programs will have on the possibilities for realizing other development goals. AID must, therefore, be in a position to provide effective support which complements and maintains stabilization efforts: analytical and technical assistance to improve budgetary and fiscal systems and to reduce the recurrence of repeated financial crises; food aid assistance to dampen swings in import requirements due to erratic changes in weather; and local currency resulting from sector assistance or food aid sales. During periods of fiscal austerity which threaten the continued provision of even minimal levels of public services, such local currency can provide the supplementary budgetary resources needed to sustain needed services and protect prior investments.

While many changes have taken place over the last few years, parastatals still account for the majority of formal sector economic activity in many countries. Continued operation of such parastatals, in many cases, has crowded private sector operations out of the credit market, led to increasing financial sector and fiscal instability, and created an unsustainable pattern of employment. AID's role in supporting efforts to revise the public sector's role in production will vary from the direct (for example, support for divestiture and privatization of the parastatal grain marketing agency, ADMARC, in Malawi or reform of the Operation Haute Vallee in Mali) to the indirect (such as providing local currency support to help finance compensation schemes—the Program for Amelioriating the Social Costs of Adjustment, PAMSCAD, in Ghana—or the use of local currencies in Guinea for a number of public sector reforms). Equally important, AID will assist the private sector to take over functions previously performed by the public sector by providing training, technical assistance, and, in some cases, credit.

The fact remains, however, that many key goods and services can only be provided by the public sector. Moreover, governments have access to 20% to 30% of the total resources available to the economy, and the disposition of those resources is critical to economic growth. The failure of many African governments to manage their public finances and public sectors effectively led in the 1980s to the deterioration of already inadequate infrastructure. Roads went unmaintained; schools lack books; health centers lack medicines.

While it is necessary to deal with these problems at the macroeconomic level, i.e., expenditures must be limited to an affordable and sustainable level, restructuring priorities and budgets within sectors is of equal importance. Sectoral support is, therefore, an area where AID is well placed to play a useful role. With the local currency generated by P.L. 480 programs, ESF-funded Commodity Import Programs, and DFA sectoral assistance programs as well as perhaps by the use of debt relief authority, we can make resources available for promoting the rationalization as well as short-term coverage of sector budgets. In addition, by working collaboratively with other donors and PVOs, AID can effectively leverage its own resources to enhance the impact of such support in the short term.

Population Policy and Family Planning: Helping to reduce high fertility plays a major role in the Agency's bilateral efforts to boost economic growth and improve human welfare in the region. Annual population growth in Africa in recent decades surpassed all previous recorded levels, driven by sustained, extraordinary levels of fertility and steadily diminishing mortality. Fortunately, after 20 years of donor encouragement, most African governments have begun to recognize the importance of reducing population growth to help accelerate development. AID, in turn, is working to increase its support of family planning in Africa. To encourage lower fertility, AID intends to integrate voluntary family planning programs into a broader spectrum of its development efforts. Programs in the field will incorporate, as is appropriate, policy restructuring and development, information, education and communication (IEC), service delivery, training and research.

Health and Child Survival: Availability and access to health and child survival services are fundamental to a productive society and to the decline of fertility. The economic recession of the 1980s left most African countries with fewer resources to administer public health programs, and preventive primary health care suffered the most. As a result, the issue of sustainability, particularly financial sustainability, became a key consideration in the provision of health and child survival services. In concert with other donors, AID targets its health and child survival resources on preventive health care for children under five and reproductive age mothers, primarily focusing on immunization, oral rehydration therapy (ORT), dietary management of diarrhea, high risk births, malaria, and, in more recent years, on acquired immune deficiency syndrome (AIDS). The integration of these services with family planning services is key, primarily in the treatment of women who are likely to experience high-risk births.

Education: Raising the level of general education has been shown to be an effective means of raising incomes and spreading the benefits of modernization. However, the benefits of any expansion of educational systems in Africa are threatened by stagnating economies, population increases, and public sector mismanagement of available resources. Given the enormous costs which even maintaining the current level of services implies, AID's intervention must focus on a few key problems. Our emphasis has been to assist African nations to increase their capacity to educate and train their people while simultaneously improving the skills of school-leavers upon whom present economic growth relies. AID will seek to assist African governments to implement reforms that increase equity in educational services, decentralize school administration, diversify sources of school finance, expand private schooling, and improve system management and efficiency to contain costs and boost quality. We also are exploring options for increased support of activities involving basic education. Because of concerns over maintaining the productivity of our investments, we intend to start by helping those countries whose educational policies and resource management experience promise to generate greater returns on such investments.

Infrastructure for Transport and Production: Facilitating the movement of agricultural inputs and outputs and improving access to social services by the rural majority are two of the most effective ways the United States can assist the immediate objective of economic stabilization and the long-term objective of sustained growth. The key concern in the past, and one that will continue to be central to AID infrastructure activities, will be the focus on maintenance, the public sector's capacity to protect its investments for the public good.

B. *Strategic Objective Two: Strengthening Competitive Markets so as to Provide an Environment for Private Sector-Led Growth*

A country's economic growth—and thus how well its population can meet their needs for food, housing, education, and jobs—is determined by the rate of growth of its resources (primarily capital) and the efficiency with which resources are used. Where there are incentives to invest in enterprises of low productivity or, conversely, disincentives to invest in activities which will bring high returns, economic growth will be below its potential level.

Experience and research have demonstrated that, with few exceptions, open, competitive markets provide the incentive structure within which the greatest economic growth is likely to occur. Market-determined prices accurately signal supply and demand conditions and permit both consumers and producers to better gauge where their interests lie. Removal of distorting price or regulatory controls over markets in Africa, therefore, should contribute to increasing the overall rate of economic growth in the region.

This leads to AID's targeting on *liberalizing commodity and factor markets.*

By liberalizing trade in commodities, many African countries have already reduced the public sector financial losses which had been incurred through policies involving fixed pricing, subsidized production and/or consumption, and regulations prohibiting private transport and trading of commodities. In these cases, transaction costs have been reduced and markets appear to be functioning more efficiently for both consumers and producers, especially when there are no overall constraints on supplies.

The liberalization of the international commodity trade, however, has not been as rapidly or as widely adopted. Governments in food-insecure countries (e.g., in the Sahel) are reluctant to permit exports of food crops. Governments which rely on export taxes and import tariffs as revenues are reluctant to cede control over commodities which are exported (e.g., animals in Niger) or to reduce domestic protection levels. Over time, it is expected that where complete deregulation of markets is not politically feasible, means will be found to minimize the negative effects of distortions on overall economic growth while permitting the government to ensure itself that fundamental security objectives are met.

While there is no doubt that market liberalization is necessary for long-run growth, there can be serious short-run costs. Liberalization leads to major shifts in relative prices, increasing the profitability of some industries and reducing the profitability of others. This could lead to temporary unemployment in those activities which are in decline. Equally important, price shifts can reduce the real purchasing power of certain groups by increasing the prices they face without increasing their incomes.

AID will continue to use financial and technical resources at its disposal to support the liberalization of commodity markets. AID will also, through its Cooperative Agreement with Cornell University, monitor the effects of market liberalization in several African countries. This will permit us to document short-term impacts and to design the compensatory programs that may prove necessary.

We will also develop programs to guard against the formation of monopoly or monopsony power in liberalized markets. The ability of the private sector to respond to investment opportunities is constrained by its ability to mobilize capital. Over the near term, therefore, we intend to examine African financial markets in much more detail to determine ways in which efficiency could be increased.

C. *Strategic Objective Three: Developing the Potential for Long-Term Increases in Productivity*

Land and related natural resources, labor, capital, and technology or technique (the method or knowledge needed to combine inputs productively) are needed for production in Africa. The most efficient productive technique in the short term, of course, is that which results in the greatest output per unit of input today. This is not necessarily the most sustainable method of production. In most economies, investments, therefore, are made in the short term to ensure the continued availability of the resource or to develop technologies which will permit the shifting of the remaining resources to other activities which are equally or more productive. Ultimately, new technologies have to be developed and new resources added to maintain the potential for future long-term increases in productivity.

The sector in which long-term increases in productivity are currently most threatened is agriculture. Attention must be paid now to:

—the *conservation of the natural resources* on which such productivity depends;

—the *development of new technologies* which permit these resources to be used more efficiently; and

—the *improvement of job-related skills* outside as well as in the agricultural production sector itself.

Improved Natural Resource Management: Natural resources are the basic long-term physical capital on which a nation builds and grows. Africa's natural resources have become seriously degraded, with the rate of deterioration much accelerated since the early 1970s. The causes of this deterioration also are widely known: rapid population growth, general declines in rainfall, and, in many cases, a need for income or production today even if it compromises the potential for income tomorrow.

African countries and other donors as well as AID, therefore, have initiated over the last decade a wide range of interventions with the aim of improving the natural resource base in Africa and halting and reversing the ecological deterioration that is increasingly apparent. Experience with these interventions has been sobering. Interventions thought to be appropriate (village woodlots, for example) have been less productive than expected, people's incentives to conserve and develop natural resources have been undercut by short-term consumption needs and insecure control over their investments, and the scale of popular education required has overwhelmed resources available. It led, in part, to a refocusing of AID's efforts and to the development of a Plan for Natural Resources Management in Sub-Saharan Africa. The Plan clearly establishes natural resources as an AID priority in Africa and targets desertification, deforestation, soil degradation, and loss of biological diversity as key environmental concerns which are now beginning to be addressed.

Bilateral activities, often coordinated with inputs from other donors and PVOs, will be the fundamental building blocks for implementing the Plan for Natural Resources Management. A centrally managed Natural Resources Management Support (NRMS) project provides a variety of technical services and serves as a catalyst to encourage AID missions, other donors and private voluntary and nongovernmental organizations (PVO/NGOs) to expand their natural resources portfolios.

Accelerating Technology Development and Transfer: A large gap remains between the technology used by African farmers and herders and that which would enable them to respond to growing domestic demand and to be efficient competitors on the international markets. Chemical fertilizers, for example, are applied infrequently to foodgrains although they are used for nonfood export crops (e.g., cotton) and for vegetable production. Only a modest portion of crop hectarage is planted to varieties which have been improved through research and result in high yields per hectare; supplementary sources of power (for processing as well as cultivation) are still limited.

In the 1970s and 1980s, there was hope that the technical breakthroughs needed in agriculture were just over the horizon and the technology gains which had revolutionized Asia would soon bring productivity to new levels. This hope was not realized on the scale anticipated. The challenge now is a complex one. There is a need for new technologies which are suited to the present natural resource base but also serve to improve it where it is already degraded. There is also a need for technologies which will result in more attractive wage rates for producers than those they can earn by working outside agriculture. Finally, there is a need for technologies to increase the production of commodities which will find ready markets both at home and abroad. Agricultural research in Africa, therefore, must focus on commercial as well as food potential, on opportunities for marketing of cash crops, and on the increased use of purchased inputs, including labor and capital. With expected population growth rates in the vicinity of 3 percent, the creation of jobs and incomes in the agricultural sector and a sustained or increased domestic food supply remain, for almost all African governments, high priorities.

With AID support, gradually improving national agricultural research systems are currently developing on-farm technologies which are relevant to farmers. In addition to basic seed variety development, research activities also have focused on cultural practices such as plant populations, adding farm manures to improve needed soil nutrients, improved tillage, and soil and water conservation techniques.

Recognizing the importance of international and national agricultural research programs to the successful development and transfer of agricultural technologies, AID has developed an African research support agenda to: increase and sustain the productivity of rainfed agriculture and fragile lands with ecologically sound farming systems (including crops and livestock); improve nutrient recycling; explore opportunities for mechanization and higher-output agriculture within the context of current farming patterns; increase the value-added in agriculture through innovations in high-value cash crops, livestock, and fish systems; use biotechnology applications for crop improvement and yield stabilization, particularly in drought-stressed areas, and for animal reproduction and health; and improve postharvest processing and storage systems to generate market town income and employment opportunities.

Job Skills Development: It will be many years before the impact of improvements in the efficiency and equity of the formal educational system on economic growth will be fully realized. Further, labor mobility in the short term is likely to be impeded by insufficiently developed learning skills as well as job skills among a large proportion of the labor force. Attention, therefore, must be directed now to the expansion of job skills critical to raising productivity and incomes in the short term, for example, skills to improve farm management; entrepreneurial performance—market analysis; cost-accounting; cooperative management; policy analysis; and computer use.

AID has already played a major role in supporting the kind of training which increases, within a short timeframe, African potential for sustainable growth over the long run: graduate-level training in science, economics, and other disciplines; seminars and workshops for policymakers and academics on a wide range of topics; networking opportunities for African scientists and scholars to maintain the currency of their knowledge and to benefit from the exchange of experiences across countries; farm-level training in production and resource conservation techniques; small business training combined, in many cases, with other interventions which improve the climate for entrepreneurial investment; and instruction in cooperative and credit union management, providing more direct access to savings and lending services.

AID intends to sustain these efforts by providing DFA funding for scholarships abroad as part of project funding, through special training projects using both dollar and local currency resources (the largest of which will continue to be the regional Human Resources Development project), by continuing to develop African training institutions which can provide less expensive and more immediately applicable training opportunities, by incorporating training components into both project and nonproject assistance activities, and by collaborating with Peace Corps and PVOs to provide on-the-job training to thousands of farmers, business owners, and cooperatives and credit unions.

D. *Strategic Objective Four: Improving Food Security*

In few African countries today do all citizens have access, at all times, to enough food for an active healthy life, i.e., food security. Global food supply does not constrain the solution of Africa's hunger problem. Countries and individuals who do not produce enough for complete coverage of their own consumption needs ("self-sufficiency") can purchase all the food they want—*if* they have adequate incomes and *if* they have adequate access to markets.

The kind of chronic food insecurity which characterizes much of Africa stems from problems on both counts. In many African countries, less than half of the people are able to obtain sufficient food from their own efforts as farmers. Most people, even farmers, must enter the market to purchase food. But drought and civil disturbance also play important roles in fostering African food insecurity. Although this kind of food insecurity is termed "transitory," its solution will surely continue to be an important focus for support over the next several years.

The challenge for both African governments and donors is to recognize that the causes of food insecurity must be addressed—not just the symptoms.

In addition to general support for increased economic growth, therefore, AID's efforts to improve the food security of African countries will target four specific concerns:

—finding ways to use food aid so as to *reduce instability in food supply,* and perhaps prices, on a year-to-year basis rather than increasing that instability as is frequently the case;

—continuing to work at increasing the capacity of donors and African countries to *anticipate serious droughts and other emergencies* and to provide timely and effective assistance when emergencies occur;

—finding ways in the short term to increase incomes through *targeted welfare* programs for those most in need; and

—*increasing agricultural production and utilization.*

Supply Instability—large food deficits one year followed by surpluses the next—place extraordinary strains on economic systems. Markets are forced to expand and contract; directions of net commodity flows reverse. Foreign exchange availabilities can be stretched thin to cover food imports in one year and domestic credit systems gridlocked the next as grain inventories remain unsold. Food prices, critical to workers' satisfaction with incomes, swing widely and make stable wage policies difficult to implement. This variability poses obvious challenges to the maintenance of overall economic stability but also requires donors providing food assistance to ensure that their contributions do not further destabilize the situation.

AID can play a direct role in the short term in smoothing out downward fluctuations in food supply through the provision of program food aid. Food aid which is sold through competitive markets can alleviate pressures to allocate scarce foreign exchange for food import in years of domestic production shortfalls, assure that food supplies in the markets are adequate, and through joint programming arrangements regarding the local currency generated by the sales, help recipient countries to take the needed steps to address the underlying causes of chronic food insecurity. The focused use of this resource will continue.

Attention also will be directed to assisting countries to conduct the analyses necessary so that macroeconomic and sectoral policies can stabilize rather than destabilize food markets and thus increase the food security of the nation.

Given the general climatic changes observed in the Sahel, and given the persistence of civil unrest in the Horn of Africa, *famine is certain to remain a threat* for the foreseeable future. The contrasts in management of drought relief in the 1972/74 and 1983/85 periods indicate substantial growth in capacity to deal with such catastrophes. African governments, PVOs, and donors not only recognized sooner the potential dimensions of the disaster, but also swung into action in a more efficient way. As a result of the evaluations of the 1983/85 experience, famine early-warning systems were further reinforced and the broader issue of "drought-proofing" production re-examined.

Emergency food assistance will continue to be one of AID's points of intervention for actually coping with famines, but AID will focus increasingly on preparedness by: developing famine early warning networks in countries particularly prone to drought through the Famine Early Warning System (FEWS) project; fostering the growth of food needs assessment capacity; supporting grass-roots PVO activities which provide the necessary community-based links for both assessing needs and managing relief and prevention (e.g., village grain stores, community redistribution mechanisms); and generally encouraging the growth of public and private institutions which can respond.

Observation shows that the people most at risk of both chronic and transitory food insecurity in Africa are those with limited access to good land, to capital, or even to unskilled labor. Frequently, poverty is associated with certain geographic areas, where good land or good water are scarce relative to population; with certain age groups, particularly the old and the children; and with certain household types, particularly female-headed households.

Experience also shows that the most effective role that governments can play in addressing household and individual food insecurity is to provide the policy environment, information, and infrastructure needed for markets to work, people to find employment, and resources to flow to productive uses. In resource-poor African countries, this leaves us with a short-term dilemma: economic growth which is sufficently broad-based is the only sustainable way to resolve the problem of national and household food insecurity over the long-term. However, people are poor and hungry today and pockets of poverty are likely to persist even with substantial growth.

The affected households and individuals may need *targeted support.* Providing such support even on a reasonable scale diverts resources from investments needed to increase long-term growth. In short, there may be a tradeoff between what is needed to solve the poverty problem in the long run, and to cope with the depth of poverty in the short run. There are no easy solutions to this dilemma and, at this point, we have no magic formula. We intend to develop, collaboratively with PVOs, new approaches to using project food aid in support of solutions in Africa. We will carefully monitor this issue through regular evaluations of food aid activities, continued analyses currently being conducted under the auspices of the Food Security in Africa Cooperative Agreement being implemented by Michigan State University, and our Cooperative Agreement with Cornell University on Structural Adjustment and Poverty.

Finally, it has been well-established over the last 15 years that policies focused on increasing domestic agricultural production for the sole purpose of attaining food self-sufficiency are very costly and, in most cases, unviable. Families in Rwanda, for example, may most efficiently meet their caloric needs by producing more coffee for export rather than cultivating beans for home consumption. Briefly, long-term *efforts to reduce food insecurity must deal with growth and not necessarily just with increasing food production.*

The interventions which can result in increased food production are relatively well-known and tested: pricing policies providing market-based incentives; efficient markets for production inputs as well as outputs; focused extension efforts where new technologies can make a difference; farmer organizations to increase the flow of knowledge as well as credit; and improved infrastructure, such as farm-to-market roads.

An area in which we intend to improve our understanding of appropriate policies and interventions is that of storage and processing. Recent experience, fortunately, is beginning to demonstrate that improved storage, either on-farm or in market intermediaries' warehouses, helps not only to even out intra-year and inter-year supply, but can also increase the amount available by 10% or more if improved storage technologies are used. While progress in food processing technologies is less encouraging, demand analyses show clearly that utilization of existing coarse grains (sorghum and millet) and higher-yielding maize would likely be enhanced if processing capacity were cheaply and widely available. This draws attention to the role of industrial as well as agricultural policy in improving food security, to the importance of processing (utilization) as well as production technology research. It also draws attention to the importance of reading market signals to determine what levels of investment in appropriate and affordable storage and processing technologies are reasonable.

Negotiation of self-help measures in P.L. 480 agreements provides ready opportunities both to understand and influence recipient governments' priorities in food security. The continuation of the Cooperative Agreement with Michigan State University on Food Security in Africa will provide an additional means for AID to improve its empirical knowledge regarding the impacts of alternative policies on local production, utilization, incomes, jobs, and consumption. We also expect this Cooperative Agreement to continue to support the policy dialogue on food security more broadly and to inform the larger decisions being made regarding the restructuring of the agricultural sector in many cases.

IV. AID'S MANAGEMENT OBJECTIVES UNDER THE DFA

AID as an organization has been mandated under the DFA to seek out new ways to improve significantly the coherence and effectiveness of U.S. assistance to the region in renewing economic growth which is broad-based, market-oriented, and sustainable. We will continue to use the management innovations launched in FY 1988 (discussed in Section I).

We are convinced, however, that to focus more clearly on accomplishing the strategic objectives and targets laid out, *additional changes* in the way AID does business are needed. In Africa, during FYs 1989 and 1990, AID will aim to:

—use the flexibility of the DFA to the maximum extent by *concentrating resources in programs which are performing well:*

—*tie routine management* actions (budgeting, personnel) more closely *to DFA policy and program priorities;* and

—*put AID's resources to work* in collaboration *with those of other donors,* U.S. and African *PVOs*, and the U.S. and international *business community*, to expand their impact.

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374. Military Assistance Request for Africa

Statement by the Deputy Assistant Secretary of State for African Affairs (Rosenberg), April 14, 1989 (Extracts)[2]

. . . .

For fiscal year 1990 the administration is requesting $820 million in economic assistance for sub-Saharan Africa and $85 million for military assistance. As in previous years, the emphasis on our assistance is where it belongs for Africa, and that is on the economic side. We are requesting approximately $10 in economic assistance for every $1 of military assistance.

We do, however, also have serious legitimate military assistance requirements in Africa and recent deep cuts in appropriations, combined with the earmarking of 94 percent of the military assistance funds worldwide, have the result of leaving little for African programs.

This year, as in 1988, we were able to allocate just over $25 million for military assistance for all of sub-Saharan Africa. . . .

We would like to say, therefore, that our request is consistent with what we have asked for in years just previous. This funding trend, this $25 million, which is all that was available for Africa last year and in 1988, is beginning to jeopardize, we think, our ability to maintain real credibility with our African friends.

We consider this request to be the minimum necessary for U.S. security interests. These include promoting regional stability, forging key liaison channels with African militaries which often are some of the more democratic elements in an African society, fostering a military sense of professionalism, as well as nation building values and maintaining access to African facilities.

. . . .

The fiscal year 1990 military assistance request continues to be focused on countries where we have important military interest, the Horn countries, Kenya, Chad and Zaire. We seek to raise the level of funding for our civic action and Coastal Security Programs from $2 million this year to $6 million in fiscal year 1990. These programs have been relatively successful even with limited funding, but this slight increase will allow us to assist a greater number of countries and emphasize the coastal security part of the program.

We believe we can also help turn the military toward nation-building activities and demonstrate there are legitimate peacetime missions for the military in Africa.

U.S. military assistance will continue to go primarily for spares and support of previously furnished equipment and will emphasize basic training and infrastructure requirements: transportation, engineering, communications, and personal equipment such as boots and uniforms.

The $73.5 million of our total request emphasizes only necessary support, in other words, not significant new equipment for programs. Another $10 million will fund training under the IMET program, which is viewed as a highly successful component of the program both in the Congress and in Africa.

I just wanted to point out one final thing about the direction of some of the funding components that have been seeing a downward trend. We think the consequences of further reductions in our assistance on the economic and security fronts are not in our interests. The cost to the United States in dollar terms to prevent this, we think, is minimal. This is a somewhat prejudiced view, I am sure, but we do believe that dollar for dollar we get a better return on investments of foreign assistance funds in Africa than anywhere else. We have a tremendous opportunity at relatively low cost, and we shouldn't pass it up.

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[2] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 7, pp. 673–675. Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, David R. Obey, presided over the session.

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B. Central Africa

1. Zaire

375. Upcoming Meeting of President Bush With President Mobutu

Department of State Press Briefing, June 27, 1989 (Extracts)[1]

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SENIOR ADMINISTRATION OFFICIAL. . . . President Mobutu of Zaire will arrive in Washington tomorrow, Wednesday, to begin an official working visit at the invitation of President Bush. He will be the first African chief of state to make an official visit under the Bush administration.

This invitation was issued several months ago and is not directly related to the events in Zaire involving the Angola settlement of last week. However, this will clearly be one of the major topics of conversation between the two Presidents.

President Mobutu, as you know, is heavily involved as a mediator and an organizer of this reconciliation conference in Zaire last week[2] and we're hoping that he will give us more details about what actually was agreed to and what was not agreed to between the two parties and his prognosis for the negotiations that will follow. In fact, he has cut short his visit here. He was due to stay longer than the end of the week and visit some other parts of the United States, but because he must be back in Zaire in order to preside over the next round of negotiations between the Angola Government and the UNITA movement, he is cutting short to go back to be there.

. . . .

. . . Other subjects that we will discuss include the economic stabilization program, the structural adjustment program. Zaire has just signed an agreement with the IMF which we consider very significant and we'll be talking to President Mobutu about how we can contribute to that and how we can support it, since this program is very badly needed for the Zairean economy.

We'll also be talking about other regional issues. In addition to Angola, we're interested in promoting peace in Mozambique and promoting an end to apartheid in South Africa. Zaire has recently instituted a dialog with South Africa and we will be asking President Mobutu what he thinks we can do in that direction.

We will also be discussing human rights, which has been an issue between us and Zaire for many years.

Now it's open to your questions.

Q. What—the Congress has dramatically reduced the American aid to Zaire for fiscal 1990 from $10 million to $3 million. Do you expect Mr. Mobutu to ask for more aid the year after that? And what's the exact position of the administration about the human rights—because it's one of the arguments of the Congress for cutting this aid?

SENIOR ADMINISTRATION OFFICIAL. Well, I believe you're referring to military assistance, specifically. Our request to the Congress for fiscal year 1990 was $9 million. In the markup in the House that amount was reduced to $3 million. This has not gotten through the full Congress yet, so we—we're not taking for granted that will be reduced, but it does reflect a certain sentiment—at least in the House—that Zaire's human rights record has not sufficiently improved in recent years to permit more military assistance.

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[1] Source: Department of State files. This briefing was conducted on background by a senior administration official, beginning at 2:04 p.m.

[2] Mobutu hosted a meeting of 18 African leaders on June 22 at Gbadolite, the site of his country estate. An agreement was reached for a cease-fire by leaders of the Angolan Government and rebel forces in their first attempt to negotiate an end to the 14-year-old civil war in Angola. For excerpts of the Gbadolite statement, see Foreign Broadcast Information Service, *Daily Report: Sub-Saharan Africa*, June 23, 1989, pp. 5–6.

We disagree with that. We think Zaire's human rights record, while being far from perfect, as you can see from our annual human rights report,[3] has improved considerably in recent years. There are far fewer political prisoners. Conditions for people in prison have improved. Discipline has improved among the armed forces and the police. There is still a way to go. They have invited Amnesty International to set up an office. They have established a Ministry of Human Rights. Zaire has been taken off the list—the watch list of the U.N. Human Rights Commission.

So there has been improvement and we disagree with those members of Congress who feel that Zaire should not get the amount of military assistance that we think is needed to maintain the equipment that we've given them in the past. We're not asking for massive amounts. We think $9 million is a minimum needed to maintain their aircraft and other equipment that we've sold to them. So we will be continuing to work to see if we can get this amount.

In general, I might also point out that military assistance to Africa in general has been cut way below maintenance levels. Last year's amount was $25 million, which we think is ridiculous for Africa. We're asking for $75 million this year, which is also not a massive amount.

Q. Another argument of the Congress is that the amount of international aid assistance to Zaire—about $400 million—has disappeared, apparently, and for personal use or something like that. Are you going to press Mr. Mobutu on this issue or—

Senior Administration Official. Well, we're not accepting that as fact. All U.S. aid is channeled into project aid or to food assistance and we do not give budgetary assistance to Zaire. I cannot speak for other countries.

But we will be talking about the financial program—the financial structural adjustment program—and all aspects of that.

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376. Visit of President Mobutu of Zaire

Statement by President Bush, June 29, 1989[4]

Zaire is among America's oldest friends, and its President, President Mobutu, one of our most valued friends—entire continent of Africa. And so, I was honored to invite President Mobutu to be the first African head of state to come to the United States for an official visit during my Presidency.

I first met President Mobutu when I was Ambassador to the United Nations. And in that capacity, I first visited Zaire in 1972. And always, I have been impressed by his insight and his vision.

In our talks, the President and I have had the opportunity to review and renew the excellent bilateral relationship between our countries. And we've noted, to our mutual pleasure, that those ties continue to be beneficial and productive.

One of Africa's most experienced statesmen, President Mobutu has worked with six Presidents. And together, they—and we—have sought to bring to Zaire, and to all of Africa, real economic and social progress and to pursue Africa's true independence, security, stability as the bases for that development.

Over the years, President Mobutu has helped international councils from the United Nations to the OAU to the nonaligned movement address these issues sensibly, and very effectively, I might add. And invariably, he has personally worked to bring about the peaceful resolution of conflicts. Just last week, he brought together, for the first time, in the presence of 18 African Chiefs of State, the leadership of Angola's warring factions, setting the stage for national reconciliation in that country. And thanks to President Mobutu, we are nearer the goal long sought, yet long elusive: peace and opportunity in southwestern Africa.

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[3] Reference is to *Country Reports on Human Rights Practices for 1988: Report Submitted to the Committee on Foreign Relations, U.S. Senate, and the Committee on Foreign Affairs, U.S. House of Representatives, by the Department of State, One Hundred First Congress, First Session* (Washington, 1989).

[4] Source: *Weekly Compilation of Presidential Documents*, July 3, 1989, pp. 998–999. President Bush spoke at 1:17 p.m. at the South Portico of the White House; President Mobutu's statement is *ibid.*, p. 999. Mobutu made an official working visit to Washington June 28-30.

We discussed that goal in our talks here, and the President and I also examined other important aspects of regional conflicts, especially the southern third of the African Continent. And there we share goals of a rapid, peaceful end to apartheid; the full implementation of Security Council Resolution 435,[5] leading to the independence of Namibia; and the total withdrawal of Cuban troops from Angola. Zaire's stake in these results is as enormous as its influence. My advisers and I found President Mobutu's analyses valuable, and we support him as he strives to peacefully resolve problems.

In addition to foreign affairs and regional matters, much of our discussion focused on Zaire's efforts to strengthen its economy. And I want to note that Zaire recently took the constructive step of signing an economic policy reform agreement with the International Monetary Fund. Because we believe that strict adherence to its terms can produce a healthy economy for Zaire, we intend to support that effort.

During the President's visit, we also exchanged the instruments of ratification of a bilateral investment treaty.[6] We hope that this treaty will encourage greater American investment in Zaire, leading, in turn, to greater economic development.

In conclusion, we thank President Mobutu for coming to the United States at this critical time, and we thank him for his leadership in central Africa. And we look forward to continued cooperation between our countries. Mr. President, the strong ties of friendship between Zaire and the United States endure and prosper. And we are proud and very, very pleased to have you with us today. Thank you, sir.

C. East Africa

1. Ethiopia

377. Human Rights and Relief Efforts in Ethiopia

Prepared Statement by the Deputy Assistant Secretary of State for African Affairs (Brown), February 8, 1989 (Extract)[1]

. . . .

Our human rights activities in Ethiopia have centered on food delivery and distribution during the international food relief effort of the past year. We have also been concerned about restrictions on political freedoms and freedom of movements, and human rights violations occurring in conjunction with the northern civil war.

There has been little change in the human rights situation outside the war zone. The government still holds an estimated 2,000–3,000 political prisoners, detained without charge or trial. The government continues its resettlement program, but contends it seeks voluntary participants. We are aware of only one incident during 1988 in which people were forcibly resettled. The government is also proceeding quietly with its villagization program whereby people are collected in settlements to rationalize the delivery of central services.

We are unable to investigate all alleged human rights abuses rising from the civil war in the north, but are aware that, on at least one occasion, government planes attacked civilians gathered at a food distribution center. All warring parties impress civilians into military service, and little or no care is shown the civilian population in the conflict areas.

Despite the introduction of a new Constitution in September 1987, the people of Ethiopia have little or no access to legal due process. The Mengistu regime continues to rule with an iron hand, using violence when deemed necessary.

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[5] For text of U.N. Security Council Resolution 435 (1978), adopted by the U.N. Security Council on September 29, 1978, see *American Foreign Policy: Basic Documents, 1977–1980*, p. 1205.

[6] Treaty Concerning the Reciprocal Encouragement and Protection of Investment, with protocol, signed by the United States and Zaire in Washington August 3, 1984, entered into force July 28, 1989; see Senate Treaty Doc. 99–17.

[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 3, pp. 568–570. For other extracts from this statement, see Documents 379 and 380.

The United States took the lead in the relief effort which provided more than 1 million tons of food. This prevented mass starvation among a needy population originally estimated to be several million. Food delivery to home areas was sufficiently successful that people did not have to abandon their homes to move to feeding camps or to neighboring countries. All available indications are that the rains in 1988 were plentiful and the people expect good harvests. However, we should not be complacent, as Ethiopia could still have a shortfall of a half-million tons of food.

Despite the overall success of the international effort, donors encountered many obstacles: Ethiopian insurgents attacked and destroyed several convoys, the government often closed access roads to target areas for security reasons, and, in April 1988, the government expelled all foreign relief workers from the war-torn and drought-stricken northern provinces of Eritrea and Tigray. In general the government and the insurgents put military priorities before humanitarian concerns. After the expulsion of foreign relief workers, indigenous organizations picked up the slack, but were not allowed to distribute food outside of government-controlled areas. Insurgent relief organizations expanded their food distribution networks to areas under their control.

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378. Death of Congressman Mickey Leland

Statement by President Bush, August 13, 1989[2]

Barbara and I were truly saddened to hear that the discovery of Mickey Leland's aircraft revealed that apparently there were no survivors of this tragic accident.

Mickey Leland and the other members of his traveling party, both Americans and Ethiopians, were engaged in a noble cause: trying to feed the hungry. I have known, admired, and worked with Mickey Leland for many years. His sense of compassion and desire to help those in need has aided millions of people from Houston to Addis Ababa.

Our hearts go out to Alison Leland and to the family and friends of the congressional staff members, State Department, Agency for International Development, and Ethiopian officials who joined Mickey on his important mission and who died with him trying to carry it out. Barbara and I extend our sympathy to the families of all the victims.

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2. Kenya

379. U.S. Relations With Kenya

Prepared Statement by the Deputy Assistant Secretary of State for African Affairs (Brown), February 8, 1989 (Extract)[1]

. . . .

Relations between the United States and Kenya have been close since Kenya's independence 25 years ago. We have a deep and multifaceted relationship with this key country. Over 100 U.S. companies are active there. We have large economic assistance and Peace Corps programs, and a significant degree of military cooperation. Over the years, Kenya has followed a free-market approach which has made its economy the envy of many neighbors. In Kenya's relatively open political system, the coups and ethnic strife which have plagued many other African countries have been largely absent.

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[2] Source: *Weekly Compilation of Presidential Documents*, August 21, 1989, pp. 1237–1238. Representative Leland, chairman of the House Select Committee on Hunger, died when the small plane in which he and his party were traveling crashed in a remote region of western Ethiopia. He was on a mission to inspect conditions at a refugee camp at Fugnido, near the Sudanese border.

[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 3, pp. 567–568. For other extracts from this statement, see Documents 377 and *infra*.

This very positive environment makes recent infringements of human rights in Kenya both puzzling and disturbing. During the past year a number of actions by the Government of Kenya have caught our attention. In the spring of 1988, the secret ballot was replaced by "queueing" in parliamentary primary elections and the use of "queueing" for future general elections was discussed. In August 1988, the national assembly hastily passed constitutional amendments which gave the President the right to replace judges and allowed police to detain suspects in capital crimes without charge for up to 14 days instead of 24 hours. A number of Kenyans suspected of belonging to subversive groups were detained without charge before being rushed through court without legal representation. A Kenyan lawyer, Gibson Kuria, who had previously been detained after representing political detainees, was prevented from traveling to the United States at the request of human rights groups. Another lawyer who accepted the Robert F. Kennedy Memorial Human Rights Award on Kuria's behalf had his passport confiscated upon his return to Kenya.

More in accordance with the kind of Kenya we are familiar with, President Moi released nine political detainees in early 1988. Soon after that, he appointed a new police commissioner and charged him with cleaning up the police force. Despite high unemployment and population growth, Kenya continues to accept a significant number of refugees.

In essence, our policy challenge is to make clear our concerns on these issues while maintaining the special friendship with a country which remains one of Africa's success stories both in terms of economic growth and political stability. We believe we should remain engaged and continue our forthright dialog on human rights issues with senior Kenyan officials.

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3. Somalia

380. Promoting National Reconciliation in Somalia

Prepared Statement by the Deputy Assistant Secretary of State for African Affairs (Brown), February 8, 1989 (Extract)[1]

. . . .

The Department of State welcomes congressional interest in Somalia and seeks bipartisan support for a policy that is consistent with U.S. interests. We share the same principal concerns and objectives: high among them are an end to the fighting, national reconciliation, and human rights improvements.

Publicly and privately, we have been urging Somalia to seek a political solution that will achieve national reconciliation with the northern Somalis from whom the Somali National Movement (SNM) draws its members. Important to such a solution will be improved observance of human rights,[2] and we have noted a change for the better since combat was at its most intense in the late spring and early summer. Since that time, substantiated reports of atrocities have virtually stopped.

The government has announced measures which, if implemented, will go a long way toward ending the fighting and promoting national reconciliation. President Siad has instructed his army to exercise restraint toward civilians, and he announced that refugees would be welcomed back to their homes. He invited all interested donors, including the ICRC, to aid in the relief and reconstruction of the north. He appointed a constitutional committee whose objective was to study the root cause of the conflict and recommend corrective measures.

The commission presented a far-reaching report that describes the war as "unwinnable" in military terms and calls instead for a negotiated political solution aimed at national reconciliation. To this end, it urges the President to free all persons detained since the fighting began, restore constitutional guarantees against arbitrary arrest, demilitarize northern towns, ease rules against public gatherings, and place local people in positions of civil authority there. It also calls for economic liberalization in the north plus a major government-sponsored, donor-supported relief and reconstruction effort. President Siad endorsed the report verbatim.

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[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 3, pp. 572–574. For other extracts from this statement, see Documents 377 and *supra*.

[2] For additional information on human rights in Somalia, see Documents 74 ff.

After releasing over a hundred prisoners last fall, he has now set up a special tribunal to review the cases of all persons detained since the fighting began, with instructions to release all who are willing to accept the government's amnesty. President Siad has also set up another commission to investigate broader charges of human rights abuses, and he invited Amnesty International to send a delegation to Somalia. We will be closely watching these developments, and we hope the positive announcements will be implemented fully and quickly.

We believe it is very important that the United States remain engaged in Somalia in order to keep that momentum going. We need to show our support for positive change while continuing to press for further improvements.

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4. Sudan

381. U.S. Call for Peace and Relief in Sudan

Statement by Secretary of State Baker, February 8, 1989[1]

The U.S. Government remains profoundly concerned about massive human suffering in Sudan. The cause is the civil war, now in its sixth year. Most of the war's victims are civilians who are displaced and impoverished or who starve to death for lack of delivery of available food. The death toll from starvation in 1988 alone is estimated to range in the hundreds of thousands.

Many Sudanese and expatriates are laboring tirelessly to ensure food deliveries, and the cooperation with these efforts by both the Sudanese Government and Sudanese People's Liberation Army (SPLA) has improved in recent months. But much more needs to be done. We call on authorities at all levels on both sides to remove remaining obstacles and do everything possible to provide emergency relief to victims caught in garrison towns and other areas of the war zone. Failure to do so will mean that thousands more will die in the coming rainy season. The United States will do all it can to support this effort. We call on other donors also to undertake or expand relief efforts.

The sad reality, however, is that starvation will almost certainly not end until the fighting ends. As friends of Sudan, we urge the Sudanese Government and the SPLA to put peace first and to agree to an early cease-fire which would promote that goal and allow relief to reach those in need.

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382. Searching for Solutions in Sudan

Prepared Statement by the Deputy Assistant Secretary of State for African Affairs (Brown), February 23, 1989 (Extract)[2]

. . . .

Peace has been our main objective in Sudan for a number of years. It is a prerequisite to dealing effectively with Sudan's most critical problems: ending human suffering and rehabilitating the economy. An estimated 1 to 2 million Sudanese have been displaced by the civil war. Many of these continue to be at risk of starvation—estimates of Sudanese deaths from starvation in 1988 alone range into the hundreds of thousands. Peace would also reduce the number of human rights violations; most are related to the war.

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[1] Source: Department of State *Bulletin*, April 1989, p. 24.

[2] Source: *War and Famine in Sudan: Hearing Before the Subcommittee on African Affairs of the Committee on Foreign Relations, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), pp. 13–21. Paul Simon, chairman of the subcommittee, presided at the session.

It is also clear that efforts at sustained economic rehabilitation will be futile until peace is restored. The Sudanese Government estimates the war directly costs it about $1 million a day. That does not include costs of relief efforts and services to the displaced population—which numbers at least 1 million just in the Khartoum area—or the cost of disruption of essential commodities, especially fuel, which are sporadically commandeered for the war effort. The war also prevents all but the most basic economic activity in the South, including completion of the Junglei Canal and the development of Chevron's oil field. In short, until the war ends, Sudan has no prospect of working toward a better economic future. With peace, in view of Sudan's agricultural potential and its highly developed human resource base, that future could still be realized.

Sudan is the largest country in Africa, bordered by nine countries in a region plagued with instability. It can influence the region's stability either in a positive or a negative sense. Not only Sudan would benefit from its political and economic stability; so would our other friends in the region such as Egypt, Saudi Arabia, and Kenya. Continuation of current turmoil and war works to polarize Africa along racial and religious lines and serves the interests of adversaries of the United States.

We support democracy in Sudan. But democracies can lack resolution and direction; Prime Minister Sadiq has just formed his third coalition since May 1987 and there is much divisiveness and maneuvering among the political parties in Khartoum. Hard decisions, including those related to peace, are often sidetracked. Nonetheless Sudan's democratic institutions deserve our support—even if we do not agree with all of the government's policies and decisions.

Given the massive level of human suffering and inability to move forward on critical issues, Sudan was the focal point of high-level attention in the last administration and will certainly remain so now. President Bush has visited Sudan twice, the last time as Vice President in 1985, and met in Washington with senior Sudanese officials on nine occasions in his Vice-Presidential capacity, including a meeting with Prime Minister Sadiq el Mahdi in 1986, a few months after Sadiq was elected. Secretary Shultz met with Sadiq in 1986 and with then Foreign Minister Abu Salih last October. Assistant Secretary Crocker has visited Sudan since Sadiq became Prime Minister and on numerous occasions has engaged in extensive conversations with senior Sudanese officials visiting Washington. I have visited the Horn three times in the past 14 months, meeting with senior officials of both the Sudanese Government and the Sudanese People's Liberation Army (SPLA—the insurgent force).

Sudan's high priority has been affirmed by the new administration. As you are aware, on February 8 the Secretary issued a statement calling for an early cease-fire in Sudan[3] and a background paper on prospects for peace and relief there. As before, we are attempting to promote peace and relief through a combination of private and public diplomacy. The Secretary's statement is the third public appeal we have made regarding Sudan since October.

Given the level of our attention to Sudan, obvious questions arise: What have we been doing to promote peace? Why haven't there been more results? What are the prospects for peace?

Let me briefly review the origin of the war and peace efforts to date. This civil war is the second since Sudan's independence in 1956. The first, which was also fought between northern and southern Sudanese over essentially the same issues of political and economic powersharing, national identity and religion, lasted from independence until 1972. The current conflict started in 1983 when then President Nimeiri attempted to diversify—critics say dilute—the political power of southern Sudanese by dividing the south—then one province—into three provinces. He also instituted an Islamic legal code ("shari'a"), known as the 1983 September Laws, which was strongly opposed by southerners as well as many northern Sudanese. Nimeiri was ousted in April 1985 by a military government, the Transitional Military Command, or TMC, which promised to replace the September Laws with the previously existing secular legal code and to restore democracy. Democracy was restored with Sadiq's election a year later but the TMC never revoked the September Laws, nor have any of the subsequent governments under Sadiq.

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[3] See *supra.*

Efforts to end the civil war began in earnest under the TMC in March 1986, just before Sadiq was elected. Months of negotiation between an alliance of Sudanese political parties and the SPLA resulted in the Koka Dam agreement which established the blueprint for a peace process. The agreement called for (1) the abrogation of the September Laws, (2) an end to the state of emergency imposed by the TMC, (3) holding a constitutional conference, (4) adoption of the 1956 constitution as amended through 1974 (the previous secular constitution), (5) abrogation of foreign military agreements and (6) continuous efforts by both sides to work toward peace. The agreement was signed by the SPLA and by a number of political parties including Sadiq's Umma Party. But critically absent were representatives of the National Islamic Front (NIF)—the Islamic Fundamentalists—and the Democratic Unionist Party (DUP)—Sudan's second largest party.

The Koka Dam agreement was heralded by both sides but became a dead letter. The government established a Ministry of Peace in August 1986 with a mandate to find a solution to the war and organize a conference for a new constitution. The Ministry developed a large staff but failed to accomplish anything of substance before its dissolution late in 1988.

The United States has been active in trying to bring Khartoum and the SPLA to the negotiating table. We are willing to do more depending on the wishes of the two sides. There have been many other mediation attempts. Mediators and would-be mediators have included President Museveni of Uganda, President Mubarak of Egypt, Chairman Mengistu of Ethiopia, former Nigerian President Obasanjo working with Former Sudanese Foreign Minister Francis Deng, and even Colonel Qadhafi. In addition, Sudanese political parties and military figures have met with the SPLA informally to seek solutions. Even members of the present government in Khartoum have talked with the SPLA.

Some of the various initiatives have led to promising openings; most have been mishandled by one side or both. The SPLA has consistently failed to coordinate its military activity with peace initiatives. For example, in August 1986, shortly following promising discussions between Khartoum and the SPLA, the SPLA shot down a relief plane. Khartoum responded by cutting off contacts with the SPLA for a number of months. In November 1987, a Sadiq–Garang meeting was cancelled when the SPLA, with Ethiopian help, attacked and overran a Sudanese border town a week before the scheduled summit.

The Sudanese Government has also missed or avoided opportunities. It abandoned promising discussions between the Sudanese military and SPLA in November 1987. In 1988 the Government showed little interest in testing Garang's sincerity after he announced willingness in March to meet "unconditionally" with Sadiq. In contrast, it was quick to accept a U.S-brokered summit meeting between Sadiq and Garang later in the year, only to see Garang fail to pursue that opportunity. Most recently, since last November, the Government has not vigorously pursued a promising cease-fire framework negotiated by the DUP and SPLA.

Despite the failures, there has been much positive movement over the past year or so. Khartoum has focused more clearly on addressing southern problems as the primary peace track. Over the past year much stronger lines of communication and understanding have been established between Khartoum and the SPLA; official emissaries have talked and are talking in a substantial way. Both sides also now focus more directly on the key issues which need resolution. The critical issues were distilled into the DUP/SPLA agreement: (1) suspending efforts to pass a new shari'a law code prior to a constitutional conference, (2) Khartoum's abrogation of military agreements with other countries (at SPLA's insistence), (3) lifting the State of Emergency Laws and implementing a cease-fire and, most importantly, (4) holding a constitutional conference.

This stepped-up level of contact and more concentrated focus on the issues does not necessarily portend a quick breakthrough. Despite the dialog, both sides continue to harbor deep suspicions. The SPLA does not believe the coalition in Khartoum is seriously interested in a peace formula which would permit the SPLA's political survival or that any compromise to which the South assents would be honored by the present government.

The SPLA is thus working for a change, hoping chances for negotiation would be better under a successor government. The government, for its part, sees the SPLA as less interested in peace than in pressing its military options on the ground, with Ethiopian support.

There is indeed an Ethiopian linkage to the war; while Ethiopia is not the key to peace in Southern Sudan, it is certainly a factor. Strong SPLA dependence on Ethiopia for arms and sanctuary, including recruiting in Sudanese refugee camps, gives Ethiopia considerable influence with the SPLA. During the past year, the Sudanese and Ethiopians have made intermittent efforts to act as mediators for each other with their respective insurgencies. These efforts are currently stalled.

In this checkered history of peace initiatives the U.S. stand has been clear.

We strongly believe a political solution needs to be found. Neither side will achieve a military victory. The warring parties themselves are in agreement on this, at least to the extent of their public statements.

We believe that the root causes of the war—economic and political powersharing, national identity, and Islamic law—must be resolved by the Sudanese themselves. The conflict is internal and a solution imposed from outside cannot be expected to succeed. We recognize that the South has legitimate grievances which must be addressed and we have said so to both sides. Since the resolution is internal, we have not taken any positions on the merits of the issues which must be resolved. This includes the emotional issue of Islamic law; we consider the choice of a legal system to be a matter of national sovereignty.

But we have taken strong positions on some of the threshold aspects of a peace process and have continually pressed both sides hard. We support an early cease-fire and the postponement of action on the new shari'a law code until the issue can be decided at a constitutional conference. We have pressed both sides to be bolder, taking some risks and displaying greater statesmanship in the quest for peace. We have offered our operational help in the peace process in any appropriate role acceptable to both sides.

We have also had discussions with the Soviets on the Horn of Africa and reviewed various roles that they and their friends in Addis Ababa could play in support of a Sudanese peace settlement. Ethiopia should desist from the role of spoiler in the use of its influence with the SPLA.

Finally we need to consider the tools we have available to pursue our objectives. Any effective leverage we have in promoting our objectives applies only to Khartoum. We meet with the SPLA but have little or no leverage with them. We have virtually no influence over Ethiopia but have suggested the Soviets use theirs. The Soviets have said they would do so but the results are not yet apparent.

Our influence on the Sudanese Government relies more on our traditional friendship and Sudan's commitment to democracy than on leverage provided by U.S. aid. During three coalitions we have had unrestricted access to the highest levels of the Sudanese Government. This has allowed frank and frequent discussions at the top. But our privileged access is beginning to show wear as a result of extensive public criticism of Sudan, our declining assistance levels and the repeated hard messages we have delivered to Khartoum.

At this point, the Sudanese may well regard our assistance levels as little more than a barometer of our friendship. Those levels have declined steadily from 1985 when we provided $269 million in program assistance to Sudan to the FY 1988 level of $73 million and FY 1989 level of $64 million. As a practical matter, this does not represent strong economic influence since much of the aid is blocked. Sudan is heavily burdened with debt, which is now about $12 billion or about 170 percent of GNP; it is currently in arrears on all debt payments. Our program assistance to Sudan is currently blocked by legislation because of $15 million in arrearages on P.L. 480 payments,[4] which prevent a new Title I wheat agreement, and $10 million in overdue Foreign Military Sales (FMS) payments. We are not sanguine that Sudan has the means to clear these arrearages this fiscal year. Sudan must pay a total of $78 million to the United States this year to keep program assistance flowing.

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[4] Reference is to the Agricultural Trade Development and Assistance Act, commonly known as P.L. 480, approved July 10, 1954. For text of Title I, as amended, which authorizes the President to arrange for the sale of agricultural commodities to friendly governments in exchange for local currencies, see 7 U.S.C. 1701 *et seq.*

In conclusion, the dynamics of the peace process and our limited influence on the parties involved do not afford great hope for a quick move toward the peace table; and we do not see much operationally that we or Sudan's other friends can do to effectively nurture the peace process. We have made our views and hopes clearly known. We have shared them with Sudan's other donors and key friends, with neighbors, and with the Soviets.

We were most attentive and guardedly optimistic in November when the DUP and SPLA agreed to a cease-fire blueprint; it showed the needed flexibility by both sides on all issues—even Islamic law—and we strongly supported that initiative. It was the most significant step forward since Koka Dam in 1986. We were greatly disappointed when the government did not follow through vigorously. We hope that the current coalition, now without the DUP, will quickly follow up on its announced commitment to produce a new peace initiative. We have no indication of what its form might be, the issues addressed in the DUP/SPLA agreement are certainly those which should be discussed.

The success of both sides on relief in recent months is somewhat better than on peace. The United States has done much to help existing relief efforts take hold and establish additional operations. This includes our sustained efforts to promote the the ICRC program to provide relief to those in need on both sides of the war zone. Our policy is to provide relief wherever it is needed. The Embassy and AID mission in Khartoum spend well over half their time on relief-related issues. . . .

383. Suspension of Aid to Sudan

Statement Issued by the Department of State, April 26, 1989[5]

Q. A Sudanese official has said that United States aid is being cut off. Is that report true?

A. We have not "cut off" aid and do not intend to. The problem is, much of our programmed assistance for Sudan has been suspended for a number of months because of the Sudanese Government's failure to repay certain debts to the U.S. Government under the P.L. 480 program (wheat sales) and other U.S. Government loans. Under longstanding U.S. policy, we are unable to sign a new P.L. 480, Title I wheat agreement, which is set at $30 million, until current arrears of about $14 million are paid. The Sudanese Government is now making arrangements to pay the arrears. Under U.S. law (the Brooke amendment)[6] we are forced to suspend all new funding for nonemergency assistance until Sudan pays its arrears on overdue loans, which now amount to about $10 million. Existing projects for which funding has been committed but not spent will not be affected under the legislation. We also continue to provide large amounts of emergency assistance to the southern Sudan relief effort, which is not affected by arrears payments. We have spent $56 million to support programs under the UN Emergency Relief Plan just since December.

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[5] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to a question asked at the Department of State Daily Press Briefing earlier that day.

[6] The Brooke amendment was passed as Section 506 of the Foreign Assistance and Related Programs Appropriations Act, 1976, P.L. 94-330, approved June 30, 1976; 90 Stat. 780.

384. Cease-fire in Sudan

Statement Read by the Department of State Spokesman (Tutwiler), May 5, 1989[7]

The cease-fire in southern Sudan, now approved by both sides, is a most welcome, positive development on the path to ending the human tragedy. Both sides deserve credit for taking this important step which sets an encouraging benchmark and we hope signals their determination to negotiate a peaceful, lasting end to this conflict. A political solution requires will, vision, and statesmanship by both sides. We remain poised to help support this process in any appropriate way.

As the cease-fire begins, we urge all Sudanese to use it effectively to continue prepositioning critically needed relief supplies for the welfare of victims of the war.

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385. Breakdown of Cease-fire in Sudan

Statement Read by the Department of State Acting Spokesman (Boucher), November 3, 1989[8]

The United States Government is deeply concerned by indications that the cease-fire in Sudan is breaking down. Forces of the Sudanese People's Liberation Army attacked the government-held town of Kurmuk and government forces evacuated Kurmuk last weekend. On Tuesday, two unidentified planes bombed the SPLA-held town of Yirol.

The cease-fire was vitally important in allowing the movement of relief supplies into southern Sudan and averting mass starvation. Renewed fighting will severely hamper this continuing relief effort. We urge both the Government of Sudan and the SPLA to observe the cease-fire.

We're particularly distressed by the breakdown at this time because of earlier indications that both sides were thinking positively about the peace process. The recommendations of the Peace Committee which met recently in Khartoum and the SPLA's own four-point peace plan offer some possibilities for discussions aimed at stopping the war and restoring peace.

It is a good sign that both sides' statements contain fresh ideas and that neither side set preconditions. It is encumbent on both sides to meet again as soon as possible and to negotiate in a spirit of good faith and of compromise.

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5. Uganda

386. FY 1990 Assistance Request for Uganda

Prepared Statement by the Administrator, Agency for International Development (Woods), January 10, 1989 (Extracts)[1]

. . . .

AID STRATEGY

The AID strategy has evolved over the past year as the economic situation in Uganda has changed. In line with the GOU's reform program, the AID program is moving from a focus on relief and rehabilitation to expansion of agricultural production, improved input distribution and food crop processing and marketing. The program works with the private sector, including the cooperative movement, and is designed to promote sustainable agricultural growth. For example, by helping commercial agriculture and agro-industry become profitable, the Rehabilitation of Productive Enterprises project ensures their sustainability. AID's Agricultural Nontraditional Export Promotion Program increases the availability of foreign exchange which allows increased imports of agriculture inputs and machinery by the private sector. An important part of this program is the Government's new policy of allowing the private sector to engage in the export of most agricultural products.

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[7] Source: Office of Press Relations, Department of State. The statement was read at the outset of the Department of State Daily Press Briefing which began at 12:07 p.m.

[8] Source: Office of Press Relations, Department of State. The statement was read at the outset of the Department of State Daily Press Briefing which began at 12:33 p.m.

[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 2, pp. 392–394. For other extracts from this statement, see Documents 373, 431, 432, and *infra*.

The health program concentrates on oral rehydration therapy, family planning and AIDS prevention. Oral rehydration has as its key component the production of salts by a Ugandan private firm followed by commercial sales.

P.L. 480 is used both to dampen inflationary pressures and to provide local currency which, when combined with AID dollars, greatly expands the impact of the total program.

Underlying the overall AID program are sectoral reforms which are essential to the success both of the AID program and the GOU's own strategy.

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FY 1990 PROGRAM

AID requests $18 million from the Development Fund for Africa for the FY 1990 program, including one new activity. The new project is an expansion of the regional Family Health Initiatives project. Continuing activities in agriculture will provide the foreign exchange needed by farmers for inputs, strengthen the independence of the cooperative movement, and promote agricultural exports. AID also requests $6.0 million to continue the importation of tallow under P.L. 480, Title I.

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D. Southern Africa

1. Regional Policy

387. FY 1990 Assistance Request for SADCC

Prepared Statement by the Administrator, Agency for International Development (Woods), January 10, 1989 (Extract)[1]

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The United States strongly supports SADCC's economic development goals. Southern Africa is a critical source of essential minerals for U.S. industrial production and offers a largely untapped market for U.S. goods and services. Currently, total U.S. investment in the majority ruled countries of southern Africa is $400 million, compared with $1.6 billion in South Africa and $5.5 billion in sub-Saharan Africa as a whole. Long-term U.S. policy toward SADCC is based on the belief that economically strong states in the region will encourage the peaceful development of a post-apartheid in South Africa and be mutually beneficial to both the SADCC members and South Africa.

AID Strategy

The U.S. development strategy in southern Africa supports SADCC efforts to: (1) strengthen rail, road, and port facilities that provide more efficient and cost-effective alternatives to South African routes; (2) promote increased exports to regional and overseas markets; (3) increase agricultural productivity and provide regional food security; and (4) expand investment in production.

In transport, AID has provided $119 million (through FY 1988) and is committing an additional $21 million in FY 1989. Six AID-funded transportation projects are currently being implemented and the prospects for improving the capacity and operational efficiency on major transport corridors are promising. In FY 1990, the Regional Transport Improvement project will begin implementation. It will provide assistance to railway operations in Malawi, Mozambique, and Swaziland, including components to improve management of the railways, a major component to improve repair and maintenance of the Mozambican railways, and some capital equipment. This project will work to re-establish the viability of the regional network and provide outlets for the land-locked SADCC countries of Zimbabwe, Zambia, and Malawi.

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[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 2, pp. 428–429. For other extracts from this statement, see Documents 373, 431, 432, and *supra*.

In agriculture, AID is supporting research aimed at developing improved varieties and increasing production of two crops grown by smallholders—sorghum and millet. Over 7,000 varieties of sorghum and 3,000 varieties of millet have been collected from around the world and are being tested and cross-bred.

AID is also involved in a multidonor program which is helping the Southern Africa Center for Cooperation on Agricultural Research (SACCAR) to increase the capacity of the region's agricultural training facilities to provide a better trained work force.

AID-funded technical assistance has played a pivotal role in the development of a regional food security strategy which provides a strategic framework for the development of all new projects in SADCC's seven agricultural subsectors.

FY 1990 Program

AID requests $32.2. million in FY 1990 to continue its support of SADCC's number one priority, the transportation sector. In addition to ongoing transport activities, as discussed above, the new Regional Transport Improvement project (690–0248) will improve the region's rail and road carrying capacity.

Funds are also requested: (1) to initiate the Trade Promotion project (690–0245), $8 million, which will improve export performance of countries in the region; (2) for Promotion of Entrepreneurship (690–0249), $2 million, which will assist African entrepreneurs to increase their participation in productive activity; (3) to continue the Regional Agricultural Faculty Development project (690–0242), $7.3 million; and (4) is requested for Project Development and Support, $.5 million.

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388. Resolving Regional Conflicts

Prepared Statement by Secretary of State-designate Baker, January 17, 1989 (Extract)[2]

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I want to turn now to those very regional conflicts that have denied peace and freedom to the peoples of southern Africa, South and Southeast Asia, and the Middle East. We have made encouraging progress in the recent agreement, mediated by the United States, that provides for Namibian independence and a withdrawal of Cuban and South African troops from Angola. And we will be watching carefully to be sure that Cuba does carry out its obligations. But more is needed. Angola desperately requires national reconciliation. And until that occurs we shall continue to support UNITA and its leader Jonas Savimbi, as President-elect Bush has indicated. Namibia will be a new and fragile state. In South Africa itself, the stresses and strains that accompany the inevitable end of apartheid will provide a severe test for all involved. We must think long and hard in this country about our role and about the effects of our actions—not on our own self-esteem but on the people we want to help. Finally, we must also not forget the very real human and developmental needs of the people throughout sub-Saharan Africa.

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[2] Source: *Nomination of James A. Baker III: Hearings Before the Committee on Foreign Relations, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), p. 206. Chairman of the committee, Claiborne Pell, presided over the session. For other extracts from this statement, see Documents 1 and 199.

389. African Development Foundation Aid to the southern Africa Region

Prepared Statement by the President of the African Development Foundation (Robinson), March 8, 1989 (Extract)[3]

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ADF's[4] southern Africa region consists of four countries—Botswana, Lesotho, Zambia, and Zimbabwe. ADF is active in all four countries and has operating level agreements with two countries (Lesotho and Zimbabwe). Political, economic, and security factors internally, and among the Front Line States,[5] shape the social and survival realities for those living in the region. ADF remains sensitive to the regional development needs of the Front Line States and is supporting grassroots development activities which enhance both local and regional independence from the Republic of South Africa.

With the promotion of self-reliance, development projects emphasizing skill training and employment creation, agricultural production, rural industry, and credit are of utmost importance and priority. The ADF applicant profile continues to be comprised of male youth/school leavers, women, the disabled, and those involved in resettlement programs.

The Foundation plans to obligate a minimum of $872,000 in the region in fiscal year 1990. By the end of fiscal year 1988, the Foundation had funded 8 projects in Botswana, 9 projects in Lesotho, 6 projects in Zambia, and 18 projects in Zimbabwe. Supporting projects in Zambia, Botswana, and Lesotho will be a major focus in fiscal years 1989 and 1990.

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390. U.S. Assistance to Front Line States

Statement by the Representative to the Second Committee of the U.N. General Assembly (MacArthur), November 21, 1989[6]

Mr. Chairman, the United States regrets that it has been unable to join the consensus on this resolution. We particularly regret this inability because of our firm commitment to assist the Front Line States. As a concrete example of this commitment, the United States has contributed $100 million to the Southern Africa Development Coordination Conference (SADCC), $50 million during each of the last 2 years, to enable it to achieve objectives specifically set out in this resolution. We are working to enhance the individual and collective capacity of the Front Line States and other bordering states. We are trying to help the countries of the region to cope with the prevailing adverse conditions by working with them to strengthen their economic cooperation and to lessen their dependence on South Africa. We are supporting the national and collective emergency programs designed to overcome the critical problems facing the Front Line States and other bordering states.

The Assistant Secretary for Africa and other U.S. Government spokesmen have stressed repeatedly that among the basic principles which guide U.S. policy toward South Africa is active support for economic development throughout southern Africa and intensive consultations with the Front Line States. This resolution supports these proposals, and serves our policies and our goals in southern Africa. Thus we would have liked to have joined consensus.

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[3] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 7, p. 216. Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, David R. Obey, presided over the session.

[4] The African Development Foundation was established by the African Development Foundation Act (94 Stat. 3151; 22 U.S.C. 290h), approved December 16, 1980, as a nonprofit government corporation to support the self-help efforts of poor people in African countries.

[5] The Front Line States are Angola, Botswana, Mozambique, Tanzania, Zambia, and Zimbabwe.

[6] Source: U.S. Mission to the United Nations Press Release USUN 162–(89), November 21, 1989. MacArthur spoke before the Second Committee in explanation of vote on Item 88, Special Economic and Disaster Relief Assistance, Resolution A/C.2.44/L.27, Assistance to Front Line States. On December 19, the U.N. General Assembly adopted Resolution 44/181, *Special Assistance to Front Line States*, by a vote of 154 to 0 with 1 abstention (the United States).

We have been unable to do so, however, because preambular paragraph 3 of this resolution introduces outdated and irrelevant language about South Africa's activities in the region, language which was not in last year's resolution, which does not reflect the changes in southern Africa today, and which has no place in a resolution of the sort which deals with special economic assistance.

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2. Angola

391. U.N. Verification of Cuban Troop Withdrawal From Angola

Daily Press Briefing by the Department of State Spokesman (Redman), January 9, 1989 (Extract)[1]

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Q. On Angola, Chuck, the *Times* said yesterday that the U.N. verification folks basically will take the Cubans at their word concerning the withdrawal of Cuban troops. Given the high priority this administration has given to seeing that withdrawal take place, I wonder if this is an adequate way of verifying in the U.S. view?

A. I think you're aware of the details of the verification regime[2] that has been set up, and we expect that to be conducted seriously and efficiently. There are a number of important priniciples included in that verification regime. There will be on-site inspection of the withdrawal of Cuban forces from Angola across the 27-month timetable. There will be verification of the redeployment north of 15th and 13th Parallels which the Cuban forces must complete by the fourth and seventh month, respectively. And the U.N. team will have complete freedom of movement and the right to on-demand inspection at the request of the U.N. team or of a member of the U.N. Security Council.

We expect them to begin their substantive work this week with the first withdrawal of Cuban troops. And, as I said, we expect this to be a serious and effective effort.

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392. Human Rights and the Angolan Civil War

Statement by the Acting Deputy Assistant Secretary of State for African Affairs (Lanpher), April 12, 1989[3]

Mr. Lanpher. Thank you, Mr. Chairman. I am sorry Assistant Secretary Crocker, Deputy Assistant Secretary Freeman, could not be with us today. They are on their way back from southern Africa where they have been putting the Southwest African Agreement back together over the past 4 or 5 days.

There is no doubt in anyone's mind that the tragic civil war which has ravaged Angola for the better part of the last 15 years has produced its share of innocent victims, and led to abuses by both sides.

Mr. Wolpe. Could you put the microphone much closer to you?

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[1] Source: Office of Press Relations, Department of State. The briefing began at 12:02 p.m.

[2] The verification provision was part of the Tripartite Agreement on Namibian Independence and Cuban Troop Withdrawal and the Bilateral Agreement on Withdrawal of Cuban Troops from Angola signed in New York on December 22, 1988; for texts, see *American Foreign Policy: Current Documents, 1988*, pp. 646–649. On December 20, 1988, the U.N. Security Council adopted Resolution 626 (1988) establishing the U.N. Angola Verification Mission (UNAVEM) for a period of 31 months. On May 10, U.N. Secretary-General Perez de Cuellar told the Security Council that UNAVEM had reported that 6,885 Cubans had departed from Angola as of April 30.

[3] Source: *New Reports of Human Rights Violations in the Angolan Civil War: Hearing Before the Subcommittee on Africa of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 44–45. Chairman of the subcommittee, Howard Wolpe, presided over the session.

MR. LANPHER. Sorry.

Many, if not most, of the inevitable costs of conflict—the costs reflect the inevitable costs when a society is at war with itself. Civil wars are a particularly violent manifestation of conflict, and Angola's is no exception.

There an unrepresentative government adopts measures which allow it to pursue the impunity, the containment of the major guerrilla movement, with a claim to the support of significant proportion, perhaps the majority of the Angolan people. UNITA, for its part, does what every guerrilla movement since time immemorial has done, create a climate of uncertainty in the country, in the realms of security, freedom of transit, and commercial activity, as it seeks to pressure the government to abandon its reliance on external military assistance, and to enter into talks which could lead to a genuinely representative government. Such a conflict cannot [but] lead to human rights abuses. The question is how to resolve this situation.

We certainly cannot end this war with enunciations and proclamations of good will. The two forces, the MPLA and UNITA, continue to contend for the allegiance of the body politic of Angola. Both are legitimate contenders in that both have significant popular bases of support to draw from. The struggle, however, is in one important respect, futile. Both sides must face the fact that there can be no military solution to the civil war.

Dr. Savimbi has always recognized this, and has put forward imaginative and realistic proposals for peace, most recently on March 13th. The MPLA is coming to rule on this more openly too. The issue now is not whether UNITA is legitimate or not, but rather when and how the MPLA and UNITA sit down at the negotiating table to end the civil war.

That this should be the case is largely the result of successful mediation by the United States of an end to the wider Angola and Namibia conflict. This has led at the end of 13—will lead to the—at the end of 13 years to the Cuban military departure from Angola, and the end of South Africa's three quarters of a century nonoccupation of Namibia.

There is growing realization over the past several years UNITA has a legitimate role to play in the future of Angola, and this had led to—this reassessment has considerably broadened the prospects for peace inside Angola. There are many African leaders who now stand ready to help Angolans on both sides to craft a solution which would help end all foreign entanglements in Angolan internal affairs and open the way to peace.

The Soviets and the Cubans share our perception that the time has come to address the internal conflict in Angola through direct negotiations. We stand ready to assist in any effort which can help transform Angola from a country at war with itself, mired in east-west confrontation, to one at peace and open normal relations with all actors in the international community.

Our support for UNITA in its struggle against massive Cuban and Soviet intervention in Angola, and for genuine national reconciliation, has been an important factor in greatly enhancing the prospects for peace not only in the region, but inside Angola itself. Without an active U.S. role, including the MPLA's drive for military solutions to Angola's internal political divisions, it is unlikely that we would be here today to discuss what role the U.S. could play in bringing that improvement in the lot of the Angolan people.

Continued U.S. support for UNITA in national reconciliation inside Angola is essential to insure an outcome and an objective we all share, the end of the civil war, and that Angola is at peace with itself and enjoying the basic civil rights to which Angolans are entitled. In the meantime, we will continue to monitor as closely as possible a war which is almost entirely closed to outside scrutiny, and continue to urge both sides to respect the lives, rights, and properties of civilian populations caught in the cross-fire of the civil war.

Thank you, Mr. Chairman.

393. Assessment of UNITA as a Democratic Organization

Statement by the Department of State, April 12, 1989[4]

Do you consider UNITA a democratic organization or one that is likely to help create a democratic Angola? Is your assessment based on a knowledge of how UNITA operates or is based on other information? (Please explain.)

Answer. UNITA and Savimbi have said consistently in public and private statements for the last 14 years that their goals are an Angola free of foreign domination with a pluralistic, democratic polity installed by free elections. We would characterize UNITA as it exists in the Angolan bush today as a basically authoritarian movement with some individual freedom permitted; many freedoms are restricted to support the war effort. Freedom of religion, as noted in the Africa Watch report, is respected.

We cannot say what UNITA would be like if there were no war; UNITA has never known peace. But the historical record clearly indicates that UNITA and Savimbi were the only Angolans who appeared genuinely interested in salvaging the Alvor Accords in 1975, which provided for a multiparty transitional government and free elections. UNITA, alone of the three liberation movements, concentrated primarily on political work and building a strong popular base in the run-up to independence, while the other parties built armies with foreign assistance. UNITA took to the bush only after narrowly surviving a determined effort by the MPLA and Cuban forces to stamp it out.

Like most African leaders, Savimbi appears to rule through a consensus of his senior colleagues. As UNITA's founder and most charismatic leader, he shapes and molds that consensus. UNITA is a meritocracy; able and dedicated members apparently rise rapidly to senior positions, as demonstrated by the youth of several of UNITA's most prominent generals and civilians. UNITA today is structured primarily to fight the war while providing basic social services to people under its control. Visitors to Jamba have noted the strict discipline and the constant demand for loyalty. Visitors also describe open party meetings where criticism of UNITA policies is freely aired; many UNITA leaders and officers speak freely to visiting journalists. For an organization waging a total war, UNITA appears relatively open. It obviously expects its members to adhere to party policy on major issues.

Our assessment is based both on knowledge of how UNITA currently operates, descriptions from many visitors to UNITA territory (including former captives), and the historical record. We cannot, however, predict the future; no one can say definitely what UNITA will or will not do if it is allowed to participate openly in the political future of Angola.

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394. U.S. Vote Against Angolan IMF Membership

Daily Press Briefing by the Department of State Acting Spokesman (Boucher), July 19, 1989 (Extract)[5]

. . . .

Q. Why did you decide to vote against the Angola IMF membership?

A. We could not support Angolan membership in the IMF on economic grounds. Details would have to be referred to Treasury for an explanation.

Q. You can't explain that rationale?

A. Well, I don't have any more economic details. I mean, I don't have the full economic analysis of this. It's a question of the status and nature of the Angolan economy.

Q. Are you saying then—I mean, did the State Department concur in this decision, or was it wholly Treasury?

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[4] Source: *New Reports of Human Rights Violations in the Angolan Civil War*, pp. 61–62. The written statement was submitted by the Department of State, Bureau of African Affairs, in response to questions by Chairman Wolpe.

[5] Source: Office of Press Relations, Department of State. The briefing began at 12:26 p.m.

A. I believe we concurred in the decision. I should make clear this is a separate matter from our support for the peace process in which the Angolan parties are engaged. We have welcomed that process. We have welcomed the steps that have been taken by President dos Santos and Jonas Savimbi to move toward national reconciliation.

Q. But are you saying there was no political consideration at all in this decision?

A. I said this was made on economic grounds.

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395. Review of U.S. Policy Toward Angola

Statement by the Deputy Assistant Secretary of State for African Affairs (Clark), September 27, 1989[6]

Mr. Chairman. It is a real pleasure and a distinct honor for me to appear before the House Foreign Affairs Subcommittee on Africa today to describe recent efforts to obtain a lasting peace and national reconciliation in Angola.

Overview:

The Angolan internal peace process is taking place against the backdrop of significant changes in the region, particularly the reduction and eventual elimination of foreign troops from Angola.

In the New York accords of December 22, 1988, the Republic of South Africa, the Republic of Cuba, and the People's Republic of Angola agreed to a framework for the total withdrawal of Cuban troops from Angola and Namibia's transition to independence. South African troops had already withdrawn from Angola by the end of August 1988 in accordance with the Geneva Protocol of August 5. The external settlement, brokered by former Assistant Secretary Chester A. Crocker following many months of intensive efforts, was a triumph for American diplomacy.

Two weeks ago, I traveled to Havana for the fifth regular meeting of the Joint Commission, whose members—South Africa, Cuba and the People's Republic of Angola, plus the United States and the Soviet Union as observers—oversee implementation of the accords. At this meeting the South Africans, Cubans, and Angolans reaffirmed their committment to the peace process.

U.S. Relations With Angola:

Before reviewing recent developments, let me say a word about U.S. policy toward Angola. First, we have made it clear, during the tripartite Angola/Namibia negotiations and subsequently, that the United States will continue appropriate and effective assistance to UNITA until national reconciliation is achieved. Second, until national reconciliation is achieved, the United States will not recognize any government in Angola.

Let me also state that our support for UNITA is designed to impress upon the MPLA that there is no alternative but to negotiate peace and national reconciliation. There can be no solution on the battlefield. We strongly believe that we are on the road to achieving our goal and that our support has been a key ingredient in getting the internal peace process underway. I should underline that Soviet military assistance to the MPLA continues at massive levels.

I would also like to add a few words about our relationship with the MPLA. We are committed to dialog and discussion with Luanda. We have had numerous contacts, both before and after the signing of the New York accords. Our door is always open to meet with MPLA representatives. However, until national reconciliation is achieved, it will be premature to talk about U.S. recognition of any government in Angola.

Steps Leading to Gbadolite:

On March 13 of this year, Dr. Savimbi made a series of offers on national reconciliation which reiterated and broadened UNITA's position favoring discussions with the MPLA. He announced a 4-month unilateral moratorium on major offensive actions and the release of MPLA military prisioners, and offered to reopen the Benguela Railway for nonmilitary traffic. In addition, the UNITA communiqué of March 13 stated that its President would not participate in actual negotiations with the MPLA and would also not participate in a transitional government that would guide the country after reconciliation was achieved, preparatory to free elections.

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[6] Source: *A Review of United States Policy Toward Political Negotiations in Angola: Hearing Before the Subcommittee on Africa of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 76–84, 96–97, 108–109. Chairman of the subcommittee, Howard Wolpe, presided over the session.

The MPLA, for its part, responded to the UNITA offer with its own peace platform, based initially on its existing program of "amnesty" for individual UNITA members. This concept of "amnesty" had been adamantly rejected by UNITA, which saw it as an attempt to split and defeat the movement. However, by the time the chiefs of state of eight African nations gathered in Luanda on May 16, the MPLA peace plan used the term "national reconciliation" for the first time, and it appeared that a direct dialog between the warring parties might be possible. The so-called "Luanda Peace Plan", however, contained a number of elements which were, and remain, anathema to UNITA. It called for the "exile" of Dr. Savimbi, the "integration" of UNITA into the MPLA, and "respect for the Constitution" of the People's Republic of Angola.

UNITA objected to these terms because, despite Dr. Savimbi's offer of March 13 not to participate in an interim government, UNITA would continue to require his leadership during the negotiation and transition. Second, UNITA viewed—quite rightly—the formulation of "integration" as a means of submerging its members into the MPLA, a concept that is inconsistent with the goal of national reconciliation. Finally, it viewed "respect for the Constitution" as tantamount to acceptance of the existing one-party, Marxist-Leninist state.

The Gbadolite Summit:

Despite these gaps in the MPLA and UNITA positions, intense diplomatic efforts to establish a basis for dialog continued: These culminated in the June 22 summit of 18 African heads of state and leaders at Gbadolite, Zaire, hosted by President Mobutu.[7] Most significantly, Dr. Savimbi was invited and attended the meeting. There, for the first time he and Dos Santos met publicly and participated in the now famous handshake signifying their mutual desire to end the civil war and begin the critical task of national reconciliation.

The summit was built on an intricate choreography of direct and indirect contacts and recitation of positions in the absence (or presence) of the principal parties—all conducted in at least three languages. A number of contentious issues were discussed without being resolved. In the minds of some of the participants, there was agreement on the key MPLA desiderata of exile, integration, and respect for the MPLA Constitution. UNITA has categorically rejected this interpretation, and the published communiqué fully supports the view that all parties agreed to only three principles:

—mutual desire to end the war and effect national reconciliation;

—proclamation of a cease-fire effective June 24;

—establishment of a mixed UNITA-MPLA commission under the mediation of President Mobutu to negotiate the political future of Angola.

Cease-Fire:

Despite this very promising beginning, the cease-fire declared on June 24 failed to take hold as both sides continued limited operations to achieve local and tactical advantage. In the absence of any mechanism to discuss and resolve violations—or even agreement on what was and was not permitted—a return to large-scale operations was inevitable. The MPLA launched a major offensive toward the UNITA center at Mavinga on August 18.

Meanwhile, the parties had met in Kinshasa for four negotiating sessions on a cease-fire document under Zairean mediation between June 22 and August 17. Substantial progress was made in hammering out a cease-fire agreement. It appears that all of the elements of an agreement are now acceptable to both sides, including the principle that direct negotiations on the core political issues of national reconciliation should begin upon signature of the cease-fire document.

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[7] An agreement was reached for a cease-fire by leaders of the Angolan Government and rebel forces in their first attempt to negotiate an end to the 14-year-old civil war in Angola. For excerpts of the Gbadolite statement, see Foreign Broadcast Information Service, *Daily Report: Sub-Saharan Africa*, June 23, 1989, pp. 5–6.

Unfortunately, these very promising developments, achieved through quiet and patient diplomacy, have been overshadowed and undercut by continuing public disagreements over what was agreed to at Gbadolite.

The Harare Summit:

Against this growing discord of military conflict and public acrimony, a follow-on summit of African leaders took place in Harare on August 22—without UNITA present. As far as we know, UNITA was not invited to attend. The Harare summit's final communiqué asserted that three additional principles had been agreed upon at Gbadolite which had not been publicly disclosed at that time:

—respect for the (existing) Constitution and laws of the People's Republic of Angola (the MPLA);

—integration of UNITA into existing MPLA institutions;

—acceptance of Jonas Savimbi's temporary and voluntary retirement.

As I have pointed out, UNITA has consistently rejected these three points.

The Kinshasa Summit:

The results of the Harare summit, and in particular President Mobutu's participation, led UNITA to question the impartiality of the mediator. As a consequence, we have devoted considerable efforts to clarify the bases for negotiation and enhance UNITA's confidence in the mediator. This effort became particularly intense as the date for the scheduled September 18 Kinshasa summit approached.

Assistant Secretary Cohen met with President Mobutu on September 11 and with Dr. Savimbi several days later. Although UNITA agreed to sign a cease-fire agreement (and in fact empowered a delegation to do so), Dr. Savimbi declined to attend the summit, despite our own efforts and those of other concerned countries.

In his absence, the summit was unable to achieve the progress we think is necessary and achievable—namely to achieve a cease-fire and the start of direct political negotiations. The Kinshasa participants agreed to meet again in Gabon at a date not yet specified.

USG Position:

Let me briefly address what the U.S. position is in light of all these developments. All of us here today agree that the disastrous 14-year-old civil war in Angola must end and that the difficult task of national reconciliation should proceed as quickly as possible.

The administration believes that lasting peace and national reconciliation can take place only in a scenario in which there are no losers, only winners. This can be accomplished only if political negotiations proceed with no preconditions and without prejudice to the positions of either side. Following a cease-fire agreement, all topics should be open for discussion at the negotiating table. We also note that public statements by both UNITA and the MPLA have been unhelpful—both sides should negotiate confidentially, rather than through the press.

We will be continuing our efforts to enhance confidence in the mediator and the peace process, to stop the fighting, and to move toward genuine national reconciliation in Angola.

Thank you.

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396. The Namibia Accords and U.S. Aid to Savimbi

Statement Issued by the Department of State, October 3, 1989[8]

Q. Is U.S. aid to Savimbi a violation of the Namibia accords signed in New York last December?

A. No, it is not.

The United States is not a signatory or otherwise a party to any of the agreements signed at New York, Geneva, or Brazzaville by the Republic of South Africa, the Republic of Cuba, and the People's Republic of Angola.

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[8] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to a question asked at the Department of State Daily Press Briefing earlier that day.

We made it clear during the negotiation process that we were solely a mediator, not a potential party to the agreements, and that the principles enunciated in the settlement documents could not and would not be binding in any manner on the United States.

During the negotiations we also made it clear at every stage that we intended to continue appropriate and effective assistance to UNITA after the entry into force of the settlement accords until national reconciliation has been achieved.

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397. President Bush's Meeting With Jonas Savimbi

Statement by the President's Press Secretary (Fitzwater), October 5, 1989[9]

President Bush met with UNITA leader Dr. Jonas Savimbi for approximately 30 minutes in the Oval Office this morning. Dr. Savimbi is in the United States on a private visit. He has met with President Bush several times during the last administration.

President Bush used the occasion of today's visit to stress the United States continued support for UNITA and the goal of national reconciliation in Angola.

The President urged Dr. Savimbi to work with President Mobutu and others in the region to foster the peace process. He noted our longstanding support for a cease-fire and face-to-face negotiations, and ultimately, free and fair elections.

398. "The United States Fully Supports President Mobutu's Role as Mediator"

Daily Press Briefing by the Department of State Spokesman (Tutwiler), October 16, 1989 (Extract)[10]

. . . .

Q. Do you have anything on the reconciliation of Savimbi and Mobutu?

A. Yes. President Mobutu and Dr. Savimbi met at President Mobutu's villa in southern France on October 15. Assistant Secretary Cohen attended the meeting. The parties endorsed President Mobutu's role as mediator and agreed to continue the peace process leading to a cease-fire and direct negotiations.

The United States fully supports President Mobutu's role as mediator. We welcome President Mobutu's and Dr. Savimbi's decision to continue with the peace process in Angola.

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399. U.S. Support for Cease-fire

Daily Press Briefing by the Department of State Acting Spokesman (Boucher), December 4, 1989 (Extract)[11]

. . . .

Q. Anything on the Angola event, or the recent announcement by Savimbi?

A. We welcome the public commitment by UNITA to sign the cease-fire ageement proposed by the mediator, President Mobutu of Zaire. We urge Luanda to demonstrate its commitment to a process of peace and national reconciliation in Angola by taking a similar step and endorsing the draft cease-fire agreement.

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[9] Source: *Weekly Compilation of Presidential Documents*, October 9, 1989, p. 1505. Savimbi was in the United States on a private visit.

[10] Source: Office of Press Relations, Department of State. The briefing began at 12:32 p.m.

[11] Source: Office of Press Relations, Department of State. The briefing began at 12:32 p.m.

Signature of a cease-fire agreement will clear the way to direct negotiations without preconditions under Zairean meditation—mediation.

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3. Mozambique

400. U.S. Interest in Ending Hostilities in Mozambique

Daily Press Briefing by the Department of State Spokesman (Redman), February 8, 1989 (Extract)[1]

. . . .

Q. On southern Africa and Mozambique in particular is the United States contemplating any sort of mediation effort there?

A. This is in response to some remarks by the South African Foreign Minister yesterday. We welcome South Africa's expression of interest in ending the tragic conflict in Mozambique that has brought endless suffering and death to hundreds of thousands of Mozambican citizens.

It is clear South Africa's longstanding relations with RENAMO give it the ability to play a constructive role ending the conflict, if it is prepared to do so.

For our part, as evidenced by our role in brokering the Nkomati accords[2] and mediating an Angola and Namibia accord, we retain a strong interest in ending hostilities in the region, including in Mozambique.

We encourage the Government and people of Mozambique to achieve a durable peace in their country. If that Government were to ask us to play a role in this regard, we would be prepared to give thoughtful consideration to exactly how we could be of assistance, either as mediator or otherwise.

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401. U.S. Support for Assistance to Mozambique

Statement by the Representative to the Special U.N. Meeting on Assistance to Mozambique (Byrne), April 14, 1989[3]

Mr. Chairman, Mr. Secretary-General: It is a great honor for me to speak on behalf of the United States at this important conference. Mr. Chairman, I bring you and all conference participants the greetings and best wishes of our new President, George Bush. I can assure you that, under President Bush's administration, the United States will continue to work for a peaceful solution to political conflicts in southern Africa . . . [4] and that the United States will remain steadfast in its support for Mozambique, both in responding to the current emergency and in helping Mozambique to achieve its long-term economic and social development goals.

Regrettably, very little appears to have changed in the emergency situation since we met in Maputo 12 months ago. Indeed, in some respects the situation has actually deteriorated.

The terrible RENAMO insurgency—which we recognize as the root cause of the current emergency—continues unabated. The total number of people who require some form of external food supplies has risen to nearly 7.6 million, or roughly half the total population. There are very disturbing reports of rising malnutrition in both rural and urban areas. Not all of the food and other relief supplies which we donors pledged last year have been delivered. And security and logistics problems continue to frustrate the delivery and distribution of those donor supplies which have arrived.

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[1] Source: Office of Press Relations, Department of State. The briefing began at 12:13 p.m.

[2] On March 16, 1984, Mozambique and South Africa signed a nonaggression pact, the Accord of Nkomati, near Komatipoort, South Africa, committing both nations to prevent the use of their territories by foreign or independent military forces for acts of terrorism against the other; for text, see Annex I to U.N. doc. A/39/159(S/16451).

[3] Source: U.S. Mission to the United Nations Press Release USUN 33–(89), April 14, 1989.

[4] Ellipsis in the source text.

The only bright spot in an otherwise discouraging picture is the continued upsurge in the overall economy of Mozambique. Last year's respectable real growth rate of 4.5 percent (following the 4 percent growth reported in 1987) is a clear indication that the economy is responding to the comprehensive Economic Recovery Program which the Government launched in early 1987. It is truly tragic to note that the World Bank estimates that the economy would expand at 9 or 10 percent per annum—double the current rate—if peace were restored everywhere in the country.

Mr. Chairman, the United States accepts the Appeal documents prepared for this conference by the government and the United Nations as an accurate assessment of the current situation and a valid expression of Mozambique's urgent requirements for relief and rehabilitation assistance from the donor community. Indeed, we commend the government for the continued improvements in its data collection, analysis, and presentation, as reflected in the Appeal.

We are fully in accord with the government's priorities for the coming year, as expressed in the Appeal, and we particularly applaud the government's intention to:

—Prioritize beneficiaries and focus relief efforts on those most urgently in need;

—Strengthen the provincial emergency commissions and decentralize the planning process;

—Place and train emergency staffs at the district level; and

—Concentrate new activities in a smaller number of provinces.

These steps will also contribute to the government's efforts to reduce food diversions, in line with the Prime Minister's forthright statement on that subject today.

We also welcome the government's plans to place greater reliance on the private sector for the additional trucks so urgently needed in the relief effort.

There is, however, one very urgent problem regarding the delivery of trucks and other relief commodities that we believe requires the government's immediate attention. I am referring to the new customs regulations, introduced last February, which have the effect of denying the duty-free entry of many NGO relief supplies. There are, at this very moment, many trucks, spare parts for trucks, and other essential relief commodities piling up in the ports because of this issue.

We therefore urge the government to review its new customs policy, with a view to either exempting all relief supplies from its provisions, or at least speeding up the process by which those supplies consigned to NGOs are exempted by customs officials on a case-by-case basis.

Let me make a further point: Current government policy prohibits NGOs from delivering and monitoring food distribution to end-use beneficiaries. In our view, NGOs can make a very valuable contribution in this vital area in which government resources are clearly inadequate. In the current crisis, all available resources must be utilized fully, and we are concerned that the available NGO resource is currently being neglected.

Mr. Chairman, let me now turn to the specific assistance which the United States is prepared to provide in response to this year's Appeal.

In the current U.S. fiscal year, which runs from October 1, 1988, to September 30, 1989, the United States will continue to provide substantial food assistance to Mozambique. At this point, the United States has already approved 170,000 MT of food valued at approximately $40 million. In addition, subject to funding and commodity availability, we are considering further requests for approximately 30,000 MT of food, valued at approximately $10 million.

As in previous years, about one-third of our food will be for free distribution in rural areas. The other two-thirds will be sold through normal commercial channels in Maputo and other major urban areas under the Ministry of Commerce's national plan for the distribution of rationed food. The substantial local currency proceeds from these sales are then used to fund various government and NGO relief and rehabilitation activities.

We will also be continuing to provide substantial U.S. dollar funding (some $10 million this year) to NGO activities in the areas of health (including aid to traumatized children), nutrition, agriculture, education, air support, and technical assistance in food distribution and monitoring by the DPCCN. We are launching one special initiative this year which I should like to mention particularly: A pilot child survival project in Zambezia province, which we hope to extend to other parts of the country next year.

I should also indicate that the United States is providing almost $15 million in foreign exchange to enable private farmers to import machinery and other essential inputs required to rehabilitate the agricultural sector and increase domestic food production. And more than $20 million will be made available through our program of assistance to SADCC for the rehabilitation of the Mozambique railway system.

In sum, Mr. Chairman, the United States will provide approximately $100 million in food and other assistance to Mozambique in U.S. fiscal year 1989. This figure does not include the substantial food and other assistance which we are providing to Mozambican refugees, particularly the 650,000 currently in Malawi. While our budgeting process does not permit me to make specific aid pledges beyond our current fiscal year, the United States has every intention to continue to assign high priority to Mozambique's assistance needs in the future. Thank you, Mr. Chairman.

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4. Namibia

402. "We Welcome These Resolutions"

Statement Read by the Department of State Acting Spokesman (Harter), January 17, 1989[1]

As you know, the U.N. Security Council, Monday, unanimously approved two resolutions on the peace process in southwestern Africa. In Resolution 628, the Council welcomed and expressed its full support for the bilateral and tripartite agreements[2] signed in New York on December 22, and called on all parties to cooperate in their implementation.

Resolution 629 takes note of recent developments on the Namibia question, and calls upon the U.N. Secretary-General to move forward with the plans to bring Namibia to independence through a 1-year process starting April 1, as foreseen in Resolution 435[3] of 1978. This is the sole internationally-accepted basis for Namibia's independence.

In addition, Resolution 629 stresses the need to ensure the Namibian people will be able to participate in free and fair elections under U.N. supervision, and calls upon South Africa to reduce immediately, and substantially, the existing police forces in Namibia.

We welcome these resolutions and the unanimity with which they were adopted. They are the fruit of close and careful consultations among all the members of the Security Council and with the U.N. Secretariat and interested parties from the region.

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[1] Source: Office of Press Relations, Department of State. The statement was read at the outset of the Department of State Daily Press Briefing which began at 12:25 p.m.

[2] For texts of the tripartite agreement on Namibian independence and Cuban troop withdrawal and the bilateral agreement on withdrawal of Cuban troops from Angola signed in New York on December 22, 1988 see *American Foreign Policy: Current Documents, 1988*, pp. 646–649.

[3] For text of U.N. Security Council Resolution 435 (1978), adopted by the U.N. Security Council on September 29, 1978, see *ibid., Basic Documents, 1977–1980*, p. 1205.

We look forward to the report which the Secretary-General will prepare regarding the U.N.'s Transition Assistance Group for Namibia (UNTAG). We are confident it will reflect the new political and military situation in the region.

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403. Financing for the U.N. Transition Assistance Group

Statement by the Representative to the Fifth Committee of the U.N. General Assembly (Nygard), February 28, 1989[4]

My delegation is pleased to have joined consensus in support of this appropriation of funds for UNTAG. The establishment of UNTAG by the Security Council and the funding of it, as provided for in this resolution of the General Assembly,[5] have the full and enthusiastic support of the United States.

Mr. Chairman, we believe it important to state at this time our understanding of paragraph 7 of the resolution. The mandate for UNTAG was established by Security Council Resolutions 435 and 632[6] and nothing in paragraph 7 of this resolution, or the resolution as a whole, has any effect on the mandate for UNTAG.

We note that the Secretary-General, in awareness of this resolution, will seek to diversify as widely as possible the sources of procurement in implementing the mandate for UNTAG. It is also important to note that the Secretary-General, in accord with the mandate for UNTAG approved by the Security Council, "will purchase goods and services from local sources of supply in southern Africa whenever these are more economical than sources of supply elsewhere." We thus interpret paragraph 7 as not restricting in any way the Secretary-General's right to procure UNTAG items wherever circumstances and his budget seem to dictate.

Furthermore, it should be clearly understood that in joining consensus on this resolution, my delegation in no way indicated a change of position by the United States regarding resolutions calling for mandatory and comprehensive sanctions against member states.

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404. U.S. Support for Voluntary Repatriation of Namibian Refugees

Statement by the Representative to the U.N. Secretary-General's Pledging Conference on the Repatriation of Namibian Refugees (Byrne), March 16, 1989[7]

Mr. Secretary-General, it is indeed a pleasure to gather together here today to discuss a solution to what has seemed one of Africa's most intractable refugee situations. The cherished vision of independence for Namibia will soon be a reality. The process leading to independence creates other challenges—how to facilitate repatriation, reintegration, and reconciliation. These are all challenges we welcome.

Mr. Secretary-General, the United States is particularly happy to join you, U.N. High Commissioner for Refugees Hocke, and others in the process of refugee repatriation because of our close involvement as a mediator in the long arduous negotiations that have brought us to this point.

We believe that voluntary repatriation is the most desirable and durable of possible outcomes for refugees. That as many as 58,000 Namibians who have been in exile for many years will soon return to their native land is cause for great satisfaction. Repatriation will help give all eligible voters an opportunity to participate in the process of free elections and independence. It will assist in restoring the dignity and productivity of these individuals. It will also reduce the burden of asylum that is borne in large measure by Namibia's neighbors as well as the international community. Moreover, it will help nurture the hope that voluntary repatriation is a solution for many of the world's refugees.

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[4] Source: U.S. Mission to the United Nations Press Release USUN 21-(89), March 1, 1989. Nygard's statement was made in the Resumed Session of the Fifth Committee on Item 154.

[5] U.N. General Assembly Resolution 43/232, *Financing of the United Nations Transition Assistance Group*, was adopted unanimously on March 1.

[6] U.N. Security Council Resolution 632 (1989), approving the Secretary-General's plan for implementing Resolution 435 (including establishment of a 4,650-man U.N. Transition Assistance Group force), calling upon all parties to honor their commitments, and requesting that the Secretary-General keep the Security Council informed, was adopted unanimously on February 16.

[7] Source: U.S. Mission to the United Nations Press Release USUN 29–(89), March 16, 1989.

U.N. Security Council Resolution 435 sets a challenging task for the UNHCR—basically 12 weeks to organize and implement large-scale repatriation. We are under no illusions about the enormity of the undertaking nor about the numerous potential pitfalls in the weeks ahead. We would call upon all in a position to assist the UNHCR and UNTAG with this task to work cooperatively.

Mr. Secretary-General, the United States is pleased to be able to pledge $5 million to help launch the UNHCR's Namibia repatriation operation.

In conclusion, I would like to borrow a few words from Chester Crocker, our Assistant Secretary of State for African Affairs. At the signing of the Brazzaville Protocol last December 13, Dr. Crocker said, "This event signifies the end of a sad chapter in Africa's modern history and the beginning of a new chapter. . . . [8] We have high hopes that this will be a chapter that witnesses reduced internal and international strife, greater opportunity for the building of just and prosperous societies, and strengthening prospects for international cooperation in support of African development and stability."[9]

Thank you, Mr. Secretary-General.

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405. U.S. Participation in Angola–Namibia Joint Commission Meetings

Daily Press Briefing by the Department of State Spokesman (Redman), March 20, 1989 (Extract)[10]

. . . .

Q. Do you have anything on Chet Crocker's meetings in Havana?

A. He is there for the Joint Commission meeting—the Angola–Namibia Joint Commission meeting. The U.S. Delegation is attending as an observer. This was established by South Africa, Angola, and Cuba to facilitate the resolution of any disputes regarding the implementation or interpretation of the Tripartite Agreement. It also examines and discusses issues related to the continued implementation of the accords. The Soviet Union is also represented by an observer delegation.

These Joint Commission meetings are scheduled to be held every month on a rotating basis in the capitals of the parties to the agreements. We had one in Luanda last month, I believe. This one is in Havana, and so on.

Q. Will we have any bilateral business?

A. No. The U.S. Delegation is not empowered to enter into discussions on bilateral relations or other questions unrelated to Namibian independence and Cuban troop withdrawal.

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[8] Ellipsis in the source text.

[9] For full text of Assistant Secretary Crocker's statement, see *American Foreign Policy: Current Documents, 1988*, pp. 639–640.

[10] Source: Office of Press Relations, Department of State. The briefing began at 12:16 p.m.

406. "This Day Represents the Culmination of Years of Effort"

Statement by Secretary of State Baker, March 31, 1989[11]

Tomorrow marks the beginning of the transition process toward Namibian independence, which has been long awaited by the people of Africa's last colony. For the United States, this day represents the culmination of years of effort—under both Democratic and Republican administrations, with the broad support of the American people—to achieve the independence of Namibia through a peaceful, negotiated process that recognizes the fundamental human rights of the people of Namibia to choose their own form of government democratically.

April 1 offers the hope of new beginnings in Angola, as well. The process of total Cuban troop withdrawal formally begins on that day. As foreign forces withdraw from that country, there are new and challenging opportunities for the Popular Movement for the Liberation of Angola (MPLA) and the National Union for the Total Independence of Angola (UNITA) to end the tragic civil war that has ravaged Angola since its independence.

The agreements that are leading to independence for Namibia and Cuban troop withdrawal from Angola would not have been possible without the good will and commitment to tough choices by the parties most directly involved. In addition, the support of other countries seeking a peaceful resolution to the problems of the region was crucial. In particular, the active cooperation of the United States and the U.S.S.R. has been an example of how superpowers, working together, can help resolve regional conflicts.

We are proud of the American contribution to this process, and we remain committed to its successful completion. The United States has already provided, and will continue to provide, aircraft to move essential UN personnel and cargo to Namibia. We have reopened the U.S. Liaison Office in Windhoek, with a small American staff, to maintain contact with the UN Transition Assistance Group (UNTAG) which will oversee the process leading to independence, as well as with others involved in the transition effort. President Bush has authorized that $5 million be made available from the emergency refugee and migration assistance fund to support the UN High Commissioner for Refugees (UNHCR) repatriation program to return refugees to Namibia by the start of the country's first election campaign, scheduled to begin July 1.

In addition, the United States today is making its first contribution of $15 million toward the expenses of UNTAG. This represents the first installment toward our total assessed contribution of approximately $128 million. The administration has requested from the Congress the necessary funding authority to meet this obligation, which will be crucial in enabling the United Nations to carry out its mandate in Namibia. I urge the Congress to give this request prompt and favorable consideration.

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407. "This Serious Incident Must Not Be Allowed To Derail . . . Decolonization"

Statement Read by the Department of State Spokesman (Tutwiler), April 3, 1989[12]

The beginning of a long-awaited process of transition to independence of Namibia has been marred by a major outbreak of violence along the country's northern border. The UN special representative's report is not available yet, and some of the facts remain to be established. All information available to us indicates that a major infiltration of northern Namibia by military forces of the South West Africa People's Organization (SWAPO) is occurring. This is in direct violation of UN Security Council Resolution 435 and the related Angolan-Namibian accords of December 22, 1988.

This serious incident must not be allowed to derail the process of decolonization which so many have labored so long and hard to achieve. The UN Secretary-General and his special representative have the responsibility for maintaining the cease-fire in Namibia and for preventing infiltration across Namibia's borders.

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[11] Source: Department of State *Bulletin*, May 1989, p. 29.

[12] Source: Department of State *Bulletin*, June 1989, p. 18. The statement was read at the outset of the Department of State Daily Press Briefing which began at 12:52 p.m.

We have been in close touch with the Secretary-General on this issue and will support any steps he may take to accelerate deployment of UN forces to the troubled area. All members of the Security Council should give the Secretary-General their full support.

We urge all parties to exercise their influence to ensure that SWAPO is brought into prompt compliance with Resolution 435 and that South Africa continues to exercise restraint.

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408. "I Think We Have Weathered the Worst of the Storm"

Statements by the Assistant Secretary of State for African Affairs (Crocker), April 14, 1989 (Extracts)[15]

MR. CROCKER. . . . As I leave after 8 years, I think it is fair to say that the American flag is flying pretty high in Africa because of these accords finalized on the 22d of December, 1988. Out there as well you will hear people say things not unlike what you just said. We may disagree at times, but the key is results and getting the peace process nailed down. That includes such varied actors as the Cubans, South Africans, and Angolans. There are big stakes here for everybody in Africa as well as this country. This means the end of apartheid and colonial rule in Namibia and being the end of Cuban imperial presence in Angola.

And it is a case study also in U.S.-Soviet efforts to try to work out a mutual basis to deescalate regional conflicts. There have been flare-ups in the last few days, as you know. This process was supposed to kick off peacefully on the 1st of April, the SWAPO movement in Namibia decided to make the first few days of this implementation rather bloody indeed, and principally for them, because of decisions taken by their leadership to create a fait accompli unilaterally pushed men across the border and acquire something in a few days they failed to acquire in 23 years of diplomacy and war.

Their actions to try to do that will be and are being reversed by the concerted action of the two superpowers, by the determination of the P.W. Botha government in South Africa and Fidel Castro government in Cuba to keep their settlement and not have it wrecked by this behavior by SWAPO. I think we have weathered the worst of the storm, but it is going to be a few days, perhaps weeks, before things are fully back on track.

The U.N. element, UNTAG, is getting its act together. It had difficulty getting started because of delays in getting the budget approved in New York by the Security Council and General Assembly, but the presence is now generating larger and larger each day down there. They are 50 percent deployed now. This week a lot of new people are coming in. We have been airlifting contingents and their equipment.

As the U.N. gets in place, the process becomes less and less reversible. There is in that regard, I think, a question and a problem that we all face, which is the United States covering its full and proper share of this exercise and how that relates to the broader supplemental which is now down here.

I would like to say it would be ironic indeed if, as we get into the summer and fall, the United States which mediated and led this diplomatic process with these big stakes, is unable or unwilling, for whatever reasons, to pay its normal and appropriate and historic share of the bills. In another month or so, we will be getting additional bills. Peace in that region, like any other, Mr. Chairman, costs something, but it costs a whole lot less than the alternative.

Thank you very much.

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MR. OBEY. Let me ask you, if somebody says in full committee next week, "Why in blazes are we proceeding with this money? After all, things appear to be unraveling,

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[15] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990. Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 7, pp. 668–670. Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, David R. Obey, presided over the session.

SWAPO isn't sticking to the deal, and we think that means that the Cubans aren't either. Why should we bother spending this money when we have got these other things squeezing us?"

What is our response?

MR. CROCKER. I would put it exactly the opposite way. We have the process raveling again. Unraveling was last week's story, raveling is this week's story. We have unanimity on the need for SWAPO to be north of the 16th parallel in Angola, and SWAPO itself after a little arm twisting has publicly agreed to that. So it will sooner or later happen. We hope sooner, in days, not weeks.

Second, the U.N. is generating adequate presence on the ground now at quite a rapid pace. If in that context we suddenly begin to get nervous and pull back from the whole operation, we would send a terrible signal, and if this whole thing were to come to a halt, the American interest would be reversed. The American interest is to end apartheid and colonial rule in Namibia and to end Cuban imperialism in Angola. If we start doing unraveling, we are shooting ourselves in both feet.

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409. "Putting the Peace Process Back on Schedule"

Daily Press Briefing by the Department of State Spokesman (Tutwiler), April 24, 1989 (Extract)[14]

. . . .

Q. Anything new on Namibia, or is that situation settled now?

A. I have an update for you if you'd like it.

There have been no reports of further fighting in northern Namibia over the weekend. The parties are working actively to find a way to put the peace process back on schedule.

A meeting of the Joint Commission took place Thursday at Ruacana on the Angola–Namibia border to discuss ways to facilitate and to verify the withdrawal of SWAPO forces. In addition, a provisional agreement was reached between South Africa, Angola, and Cuba, in the presence of U.S. and Soviet observers, and was announced Friday afternoon. It calls for South African forces to be restricted to base for 60 hours beginning Wednesday evening so SWAPO forces can withdraw to Angola without fear of harassment.[15]

The U.S. Delegation and members of the Joint Commission have been working with U.N. representatives to arrange U.N. participation in monitoring the process. We support this proposal and believe it points the way toward putting the peace process back on schedule.

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410. Independence Process in Namibia

Statement by the Assistant Secretary of State for African Affairs (Cohen), July 20, 1989[16]

I am pleased to be here today to discuss the independence process in Namibia. This is particularly timely, since I have just returned from Africa and a stop in Windhoek, where I had an opportunity to view the process firsthand. In the brief time I was there, I met with parties representative of Namibia's entire political spectrum: the Administrator General, the UN Secretary-General's special representative, and senior officials both of the South West Africa People's Organization (SWAPO) and its principal opponent in the electoral campaign, the Democratic Turnhalle Alliance (DTA), as well as observers from a variety of foreign governments.

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[14] Source: Office of Press Relations, Department of State. The briefing began at 12:28 p.m.

[15] On May 19, Angola, Cuba and South Africa signed the "Cahama Minute" noting that SWAPO armed forces, under UNTAG monitoring, were now confined to base north of the 16th parallel, i.e., inside Angola, that South African forces were again confined to base in Namibia, and that "a de facto cessation of hostilities had been reestablished in northern Namibia." (Foreign Broadcast Information Service, *Daily Report: Southern Africa*, May 26, 1989, p. 9)

[16] Source: Department of State *Bulletin*, November 1989, pp. 43–44. Cohen testified before the Subcommittee on Africa of the House Foreign Affairs Committee.

The United States has long taken the leading role in negotiations aimed at achieving Namibian independence. We are proud of our role in reaching agreement on UN Security Council Resolution 435. And we are equally proud of our mediating role in the negotiations that led to the New York accords which opened the way to implementing that resolution. Today we stand ready to assist the Secretary General, his special representative, and the UN Transition Assistance Group (UNTAG) as they discharge their responsibilities.

Nearly 4 months into the implementation of Security Council Resolution 435, the transition to Namibia's independence is firmly in place. Despite some delays, primarily caused by SWAPO's surprise incursion on April 1 and the resulting administrative glitches, all parties remain committed to keeping the independence process on track and ensuring that elections for the constituent assembly are held in November 1989.

The Secretary-General's special representative, Martti Ahtisaari, and the Administrator General, Louis Pienaar, have worked together to achieve the repeal of discriminatory legislation, the promulgation of a blanket amnesty for all returnees, a peaceful repatriation of refugees, and the successful start of nationwide voter registration.

I would note that the South African Government has also kept its side of the bargain. Once the problems arising from the April 1 incursion were solved, the withdrawal and demobilization of the South African Defense Forces and the South West Africa Territorial Force has proceeded according to schedule. As required by the UN plan, the remaining South African forces, which may not exceed 1,500, are now restricted to bases at Grootfontein and Oshivelo and monitored by UNTAG military units.

The return of exiled Namibians represents another significant milestone on the road to independence. Although delayed by 4 weeks, the arrival of the first planeload of returnees at Windhoek airport on June 12 testified to the fact that transition to independence was irreversible. Over 20,000 refugees have been repatriated to be full participants in this historic process.

On July 3, the registration of voters began. Having already registered over a third of the estimated electorate, representatives from the Administrator General's office and UNTAG are working side-by-side to sign up all Namibians who qualify to vote in the upcoming elections.

Of course, there are still some obstacles to overcome.

—The problem of intimidation in the north remains.

—Reports of the continued presence of armed SWAPO fighters in Angola prevents a complete sense of security inside Namibia.

—Final election legislation, while under active consideration, has not yet been promulgated.

—Questions concerning SWAPO detainees are not fully resolved, while political prisoners remain in South African custody.

—UNTAG and the Administrator General's office continue to discuss whether additional legislation should be repealed because of its discriminatory nature.

In our judgment, these issues, though not serious, do not constitute an insurmountable threat to the independence process.

Let me add a few words, however, abut the issue of intimidation. We raised the matter one more time with the South African Delegation at the joint commission meeting in Luanda June 7–8. There have been some positive moves, including:

—Removal of heavy armaments from police vehicles;

—Removal of the large mine-resistant *casspirs* [large armored vehicles][17] from populated areas;

—Reduction of the numbers of *casspirs* in use;

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[17] Brackets in the source text.

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—Donation of 40 *casspirs* to UNTAG so it can accompany South West African police patrols; and

—Appointment of a commission to review complaints.

However, the South Africans have yet to remove ex-Koevoet counterinsurgency troops in the police force from the north. We will continue to support the UN Secretary-General's special representative as he works on this problem.

Let me now turn to the issue of SWAPO detainees. At the Luanda joint commission meeting, the head of the Angolan Delegation, Gen. Ndalu, reported he found 151 detainees in SWAPO camps, of which 99 had gone to Namibia and 52 had chosen to remain in Angola or be repatriated as refugees. However, 2 weeks ago, some of the SWAPO detainees who did return to Namibia reported graphically to the press on their imprisonment and torture. A senior SWAPO official publicly apologized to the returnees and said that his organization would deal with anyone involved in torture.

I continue to be concerned with reports that not all the detainees previously held by SWAPO have been released. We urge a full accounting from SWAPO. We also urge that the South Africans release all political prisoners and detainees they still hold.

In sum I am encouraged by what I saw in Windhoek. Resolution 435 is being implemented fully and correctly, and we remain confident that free and fair elections will occur on schedule.

411. U.S. Commitment to Namibia's Successful Transition to Independence

Statement by the Acting Permanent Representative to the United Nations (Okun) Before the U.N. Security Council, August 21, 1989[18]

Mr. President, the United States, which played a central role in the Namibian settlement negotiations, remains deeply committed to the successful completion of Namibia's transition to independence, under the provisions of U.N. Security Council Resolution 435 and subsequent agreements. Namibia's transition to independence can only be implemented by the United Nations, through the U.N. Transitional Assistance Group (UNTAG). The United States is convinced that it is in Namibia's best interest for the world community to give to the United Nations all the support necessary to realize this end.

The process which will lead to Namibian independence is irrevocably underway. All sides are moving toward compliance with U.N. Security Council Resolution 435. There are still problems, however, and the United States shares the Secretary-General's deep concern that they may impede the holding of free and fair elections in Namibia. We have, for example, repeatedly made known to the South African Government and to the Administrator General in Windhoek our views on the continued presence in the police force of former members of Koevoet.

As other speakers have noted during this debate, the Administrator General of Namibia on August 15 announced his intention to remove from duty a total of 1,200 South West African Police

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[18] Source: U.S. Mission to the United Nations Press Release USUN 80–(89), August 21, 1989. Okun spoke during a Security Council debate on problems the U.N. Administrator General of Namibia and UNTAG had encountered in attempting to implement Resolution 435 in Namibia. On August 29, the U.N. Security Council—concerned at reports of widespread intimidation and harassment of the civilian population in Namibia—unanimously adopted Resolution 640 (1989) demanding the disbandment of all paramilitary and ethnic forces in that territory and demanding strict compliance by all parties concerned, especially South Africa, with the terms of Security Council Resolutions 435 (1978) and 632 (1989).

(SWAPOL) members in the northern regions of the country. These former Koevoet personnel will be confined to base for reorientation and retraining. The Administrator General invited monitoring of this restriction to base by UNTAG, and the Secretary-General instructed his Special Representative to follow up this offer to ensure that their confinement to base is rigorously monitored. The United States commends the Secretary-General for his prompt action in this matter.

The Administrator General also indicated his intention to restructure the command system of the South West African Police in the northern region over the coming weeks. Coupled with the removal of former Koevoet personnel from the SWAPOL ranks, we believe this will go far toward reducing the atmosphere of intimidation which has existed in northern Namibia.

The United States welcomes the Administrator General's announcement and regards it as an important step toward meeting the concerns repeatedly expressed by the Secretary-General, his Special Representative, the United States, and other members of this Council and the United Nations.

My government was encouraged by the news that as of August 18, more than 37,000 refugees had been repatriated to Namibia, and that as of August 12, 575,464 members of the Namibian electorate had been registered to vote. We should also note that, despite the fears of some to the contrary, there have not been massive numbers of South Africans registering to vote.

We will continue to watch closely this issue and others, such as the development of the electoral law, which will have a clear and direct effect on the fairness of the Namibian elections. Discussions on the Draft Proclamations relating to the Electoral Law and to the Constituent Assembly are currently underway between the Administrator General and the Secretary-General's Special Representative, in order to ensure that the legislation will fully conform to the letter and the spirit of the Settlement Plan.

It has been a long and arduous road, but great progress has been made toward Namibian independence. A major factor in fostering that progress has been the unanimity of this Council on all major aspects of the matter from the adoption of Resolution 435 to date. It is vital that unanimity be maintained.

Other recent events in southern Africa suggest that a new potential for positive change exists. We are under no illusion that change will come easily, but we are convinced that change should be encouraged. Mr. President, while the Security Council can provide guidance, it is the Secretary-General, his Special Representative and UNTAG who must make the day-to-day decisions required for the successful implementation of Security Council Resolution 435 which we all so earnestly seek. In view of the developments I have outlined and the importance of our task, the United States believes that it is crucial that the Security Council continue to provide full and united support to those officials.

Thank you, Mr. President.

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412. "Namibia Must Be Given the Chance for Self-determination and Independence"

Statement by the Permanent Representative to the United Nations (Pickering) Before the U.N. Security Council, October 31, 1989[19]

Mr. President, the United States has joined in the unanimous adoption of this resolution[20] because we felt very strongly that the Secretary-General, his Special Representative, and UNTAG deserve full and undivided support from this Council as elections begin in Namibia. A resolution which failed of adoption, or a divisive and bitter debate in the Security Council on the situation in Namibia, would only serve to undermine them as they do their level best to implement the mandate we have entrusted to them.

Let us keep in mind our overriding priority: Namibia must be given the chance for self-determination and independence through internationally-recognized elections. Violence must be avoided; negotiation succeed. Confrontation must be put aside in favor of cooperation; unanimity needs to be given preference over division—both in Namibia and in this Chamber.

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[19] Source: U.S. Mission to the United Nations Press Release USUN 125–(89), October 31, 1989.

[20] U.N. Security Council Resolution 643 (1989), supporting the Secretary-General's efforts to ensure that Resolution 435 be fully implemented, was adopted unanimously on October 31.

The Secretary-General has told us he and his Special Representative feel that the stage is set and the building blocks are all in place for free and fair elections. We believe him. The fact is that things in Namibia are in pretty good shape. The climate of fear and intimidation which prevailed a few months ago has dissipated. Allegations of intimidation are increasingly rare. Interparty violence, a real problem last month, has faded as the parties adhere faithfully to the Code of Conduct which they all signed. The election campaign has proceeded amidst great enthusiasm on the part of the Namibian people.

It is in this spirit that the United States joins in the unanimous adoption of the present resolution. We, like the Secretary-General, believe that it focuses on the need for all parties to continue to cooperate in resolving all details relating to the implementation of the U.N. settlement plan. We wish to make clear, however, our understanding of certain specific issues addressed by the resolution.

It is true that not all the provisions of Resolution 435 are being fully complied with, of course. For example, SWAPO has still not provided a full accounting of Namibians it detained in exile. We call upon SWAPO to immediately resolve this and other questions regarding its adherence to all the provisions of the U.N. plan. In particular, we call upon it to release all remaining detainees or provide full accounting for those it held while in exile.

On the other hand, we note that the command structures of the South West Africa Territorial Force have been dismantled as required by the plan. We also welcome the action taken by the South African Government and the Administrator General yesterday in demobilizing the last remaining ex-Koevoet members of the South West African Police. Supervised by UNTAG monitors who have declared it was to their satisfaction, this demobilization demonstrates continuing compliance with the settlement plan.

We underscore the importance of the Code of Conduct signed by the Namibian parties, which was noted in the Secretary-General's report of October 6 which the Council has welcomed in this resolution. This agreement among the parties has contributed greatly to the positive atmosphere during the campaign. We note as well its explicit reaffirmation that the parties "undertake to honor the outcome of free and fair elections so certified by the Special Representative," which should go far to reassure those who fear a renewed outbreak of violence after the elections.

Further, we note that the Secretary-General has determined that all laws that may impede the holding of free and fair elections have already been repealed. We endorse the resolution's reiteration of the need to ensure that no such laws are now enacted that could draw into question the validity of the election.

We stress our full support for the statement by the Secretary-General, as approved by this Council in Resolution 632 (1989), that "the United Nations plan for Namibia includes agreements and understandings reached by the parties since the adoption of Security Council Resolution 435 (1978) and confirmed as such to the Secretary-General. These agreements and understandings remain binding upon the parties." In this connection, we reiterate the full and unequivocal support of the United States for both the "impartiality package" (S/20635), which governs the behavior of the parties and of the United Nations throughout implementation, and of the "Principles Concerning the Constituent Assembly and the Constitution for an Independent Namibia" (S/15287), which requires the Constituent Assembly to incorporate specific rights and guarantees in the constitution and that the Constitution be adopted by a majority of two-thirds of the total membership of the Assembly. The Council has repeatedly endorsed these principles—in Resolution 632, Resolution 640, and in this Resolution today.

Finally, we wish to stress that principal responsibility for the security of Namibia, under the U.N. settlement plan, rests with the Administrator General until independence. The present resolution mandates the Secretary-General to ensure that all necessary arrangements are made in this regard, and we fully support that position.

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For these reasons, we endorse the work of the Secretary-General, his Special Representative, the men and women of UNTAG, and this Council, and we look forward to the elections in Namibia next week. We welcome the Secretary-General's conclusion that we remain on course for free and fair elections and that continuation of the current activities under the settlement plan are thus sufficient in themselves to assure free and fair elections.

Thank you, Mr. President.

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413. "A Free and Fair Election"

Daily Press Briefing by the Department of State Spokesman (Tutwiler), November 14, 1989 (Extract)[21]

. . . .

Q. Do you have any reaction to the results of the Namibian elections?

A. As we have made clear before, we stand ready to recognize the results of the Namibian election, as certified by the Secretary-General's Special Representative. The people of Namibia have voted in a free and fair election, and we wish them and their representatives well as they begin the task of drafting a constitution for an independent Namibia.

Namibian independence is a cause that the U.S. Government has worked hard for over the course of three administrations. We look forward to working cooperatively with the government that emerges after independence.

Q. Are you surprised at the fairly close results?

A. I couldn't characterize our reaction to the results. We just characterize it, as I said, as we believe and that the U.N. has said, as a free and fair election.

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5. South Africa

414. U.S. View of the African National Congress

Daily Press Briefing by the Department of State Spokesman (Redman), January 13, 1989 (Extracts)[2]

. . . .

Q. What is the position of the State Department on the classification of the ANC as a terrorist organization?

A. This is something that's been set forward a number of times. The U.S. Government has not determined that the ANC is a terrorist organization. We regard the ANC as a politically diverse organization, representing a range of views.

It is the oldest Black nationalist movement in South Africa and is one of several with substantial political support in South Africa. Some of the ANC's political objectives, such as ending apartheid and establishing a nonracial system of government in South Africa, are goals we share.

We strongly differ with the ANC, however, on some of the methods they have used to pursue these objectives, including the use of violence. Both publicly and in private contacts with the ANC, we have repeatedly condemned tactics such as the intentional placing of bombs in public places which result in civilian casualties.

. . . .

Q. A follow-up on the ANC thing, then. Are you saying that an organization that sometimes engages in terrorist acts, placing bombs in civilian areas, is not necessarily a terrorist organization?

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[21] Source: Office of Press Relations, Department of State. The briefing began at 12:26 p.m. On November 14, Martti Ahtisaari, the Secretary-General's Special Representative in Namibia, certified the election as "free and fair" and hailed the results as a major advance for democracy. SWAPO won the majority of seats in the new 72-seat Constituent Assembly, but failed to gain the two-thirds majority needed to form a government without a coalition.

[2] Source: Office of Press Relations, Department of State. The briefing began at 12:04 p.m.

A. What I am saying is we condemn terrorist acts, we condemn acts of violence, whenever they occur. It's a different thing to label much larger organizations as so-called terrorist organizations. That's all I'm saying.

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415. "Opposition to Apartheid Is a Longstanding and Unambiguous American Policy"

Statement by Secretary of State-designate Baker, January 17, 1989 (Extract)[3]

. . . .

Q. While the Reagan administration conceded that no progress had been made by the South African Government in 1987 and 1988 toward ending apartheid, it failed to make recommendations for further sanctions as the 1986 Anti-Apartheid Act[4] required. How does the Bush administration intend to demonstrate its opposition to apartheid? What approach will it take with the Botha government?

A. Opposition to apartheid is a longstanding and unambiguous American policy. Our total rejection of South Africa's system of race-based minority rule is well known to the South African Government. We have stated repeatedly that, as long as that system endures, no normalization of relations with the United States will be possible.

Our overall policy approach toward South Africa must be based on a realistic assessment of what we can and cannot accomplish there. The United States cannot legislate an end to apartheid. We cannot force rapid changes away from minority rule. We cannot compel warring parties to sit at the negotiating table. We must accept that black and white South Africans—not Americans—will determine the future of their country.

Our role must be to strengthen democratic forces within South Africa and to press for serious dialog between the parties. Our role is to be a catalyst for peaceful change.

Cooperation between Congress and the executive branch is essential if we are to have a credible South Africa policy. I look forward to consulting closely with Congress on this issue in the months ahead.

Q. Does the Bush administration intend to follow up on the provisions in the 1986 Anti-Apartheid Act which require the President to consult with our allies on cooperative efforts to bring about an end to apartheid?

A. Consultations with key allies will remain an important facet of U.S. policy toward South Africa. While most of our major allies have imposed limited economic sanctions on South Africa, none have followed the example of the comprehensive Anti-Apartheid Act. Among our principal allies, resistance to broadly-based, punitive sanctions remains fairly strong.

Multilateral efforts to promote peaceful change in South Africa may prove difficult to coordinate. Nevertheless, it is important that the United States not be separated from its major allies by policy differences over South Africa.

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416. U.S. Rejection of Tribal Homelands in South Africa

Statement Issued by the Department of State, April 20, 1989[5]

Q. Is it true that the South African Government has introduced legislation making it easier to expel blacks from South Africa and make them citizens of the tribal homelands? Does the U.S. Government have any comment on this development?

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[3] Source: *Nomination of James A. Baker III: Hearings Before the Committee on Foreign Relations, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), pp. 263–264. Chairman of the committee, Claiborne Pell, presided over the session. Baker was responding to written questions submitted by Senator Joseph Biden.

[4] P.L. 99–440, approved October 2, 1986; 100 Stat. 1086.

[5] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to a question asked at the Department of State Daily Press Briefing, April 19.

A. South African citizens whose areas of legal residence have been incorporated into the so-called Homelands by the government have had a right to appeal through the court system. This week, the government proposed legislation which would eliminate judicial review of government decisions to incoroporate areas into the Homelands. This proposed legislation has resulted in strong protests from civil and human rights groups in South Africa.

The U.S. Government totally rejects the concept of so-called self-governing or independent Homelands in South Africa. We regard compulsory assignment of blacks to these Homelands, and any effort to deprive them of their South African citizenship, as fundamental violations of human rights.

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417. Review of U.S. Relations With South Africa

Address by the Director General of the Foreign Service-designate (Perkins) Before the Foreign Policy Association's "Think International" Essay Contest, New York, June 6, 1989 (Extract)[6]

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The foundation of an effective foreign policy is a realistic appraisal of what our interests are. In southern Africa, it seems to me that our most important interests are: the promotion of political and economic freedom and democracy as well as respect for individual liberty and basic human rights.

This means, as a starter, the elimination of apartheid in South Africa and its replacement with a democratic government which provides for full and equal participation by all South African citizens. It means the maintenance of supplies of key strategic minerals, which South Africa alone supplies the United States. It means the maintenance of American influence through good and mutually productive diplomatic, economic, and cultural relations with nations in the region.

It means the elimination of regional tensions which could escalate into superpower confrontations. This must feature the promotion of regional security and stability which has, as its foundation, the respect for established borders, noninterference in the internal affairs of other countries, and the pursuit of a mutually beneficial interdependence in the aftermath of a democratized South Africa, the promotion of the full implementation of the recently signed tripartite agreement and of UN Security Council Resolution 435, plus the resolution of remaining regional conflicts.

How well are we doing? Not as well as we'd like. True, we continue to have an uninterrupted supply of the strategic minerals we buy from South Africa, despite its internal tensions. We also maintain varying degrees of influence with each nation in the region, through a combination of economic and diplomatic relations. But on the other hand, apartheid continues to be a major cause of regional instability.

The South African Government's systematic denial of the human rights of a majority of its citizens has alienated blacks to such an extent that the government's credibility with any legitimate black South African leader has been seriously eroded.

The twin spirals of violence and repression within the country seem inextricably linked. This is going to remain that way until the South African Government takes major steps toward the total elimination of apartheid and sits down to talk with credible black leaders, without a prearranged agenda, instead of jailing them.

The front-line states, particularly Botswana, still remain fearful of getting caught in the crossfire of the shadowy battles between the South African Government and its enemies. This has contributed significantly to a tense atmosphere throughout the region.

Civil wars still rage in Mozambique and Angola, causing untold human suffering and economic losses. A serious process of national reconciliation is necessary in both countries if regional stability is to be achieved.

The disease AIDS threatens the already fragile economies of the region by killing off the most productive and talented members of those societies. It has dire implications for the leadership of every country in the region, implications on which some governments have yet to focus their attention. Government officials, including those in the United States, Western Europe, and Africa, ignore the implication of this disease at their own peril.

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[6] Source: Department of State *Bulletin*, September 1989, pp. 69–73.

There are a number of factors, though, which may provide a good starting point for the continued pursuit of our interests.

The Angola/Namibia arrangement could herald a new age of pragmatism, "enlightened self-interest" within regional relationships, and a new respect for the word "negotiation." The recent sessions of the joint commission in Havana, Luanda, Cape Town, and in Namibia among representatives of Angola, South Africa, and Cuba, with observers from the United States and the Soviet Union, is a positive spinoff from the Angola/Namibia settlement. The commission, established under the recently concluded tripartite agreement, acts as ombudsman for players in the region and provides an important model for future regional cooperation. The participation of the United States and Soviet Union in the commission is an important step toward regional cooperation between the superpowers.

The seeming new Soviet willingness to approach regional conflicts as a stage for cooperation rather than competition has opened up new possibilities for regional stability in southern Africa.

There is growing realization among all African governments that political and economic power centralized in the hands of the state is not necessarily the most efficient way to manage a country. Governments in the region are looking at market economies as a more useful approach.

Inside South Africa, there is still a boundless determination among blacks and whites who oppose apartheid to forge ahead in search of new models, in spite of the repression and the violence arrayed against them. They are, in effect, pulling the government along with them. The examples are numerous.

—The women of the Black Sash who stand with placards on street corners in solitary protest against the detention of children, in spite of the abuse of passing motorists.

—The *Vrye Weekblad* newspaper, whose editors risk financial ruin, ostracism, and prison to convince their fellow Afrikaners that there is a life after apartheid, that there is a brighter future than the frustrated present.

—The black taxi drivers who have organized themselves to take on the full power of state bureaucracy to get a piece of South Africa's wealth for themselves.

—The determination of newspaper editors like Aggrey Klaaste of *The Sowetan* newpaper, who devised the "nationbuilding" concept to prepare blacks for political and economic power in South Africa.

—The South Africans of all races and vocations who, tired of their government's intransigence, seek their own talks with the African National Congress (ANC) on the future of South Africa.

—The detainees who put their lives on the line with hunger strikes in defense of the fundamental human right that no person shall be detained without charge or trial.

—The Lawyers for Human Rights who defend countless persons who have been charged with treason but in reality have engaged in nonviolent protests.

—The South African Government's recent release of detainees in a systematic manner.

The courageous actions of these men and women have not resulted in a democratic South Africa, but there is some attention being paid to them. However, apartheid remains very much a part of South African Government policy. It is buttressed by three pillars:

—The Population Registration Act, which decrees that each person be classified at birth according to his or her race;

—The Separate Amenities Act, which allows for the segregation of public facilities according to those racial classifications; and

—The Group Areas Act, which dictates where people may live on the basis of their racial classification; and, most importantly, the deliberate exclusion of black people from political and economic power.

Apartheid has resulted in the poor education of South African blacks, rampant unemployment, forced removals of entire communities, crushing poverty wages below the subsistence level, the perpetuation of racism, and a host of other evils. It is to blame for the recent developments in towns controlled by the Conservative Party in which blacks are banned from enjoying the parks and other recreational facilities that their tax dollars help to support.

Perhaps even more disturbing are the barriers which the South African Government has erected to defend this odious system. Under the state of emergency, which has been in force since June 1986, South Africans have experienced an unprecedented erosion of their civil liberties. We estimate that more than 30,000 South Africans, including children, have been detained without charge or trial for at least some period since the state of emergency began. Some of the detainees were in detention for almost 3 years, without ever being told why or when they'd be released or charged. However, the South African Government has begun a systematic review of all detainees, and releases are occurring. We hope and urge that the practice ceases entirely.

Antiapartheid activists have disappeared and been attacked and murdered under mysterious circumstances without anyone ever being prosecuted. Freedom of the press in South Africa has been seriously eroded. The government enjoys sweeping powers of censorship. The Minister for Home Affairs may temporarily close any newspaper if he believes that its reporting threatens the government's security, and he may do so without judicial review. Members of the security forces enjoy full indemnity for any actions they take under the state of emergency, again, without judicial review.

The South African Government has brought treason charges against some of South Africa's most talented citizens because they participated in nonviolent civil disobedience campaigns against apartheid policies. The most notable of these was the recently concluded "Delmas treason trial," which resulted in treason conviction of UDF leaders Moss Chikane, Patrick Lekota, and Popo Molefe.

These violations of human rights are not a problem only for today. Governments seldom divest themselves of the powers they accrue. Throughout all of this, the South African Government continues to refuse to talk to many of the people and organizations who represent the feelings and aspirations of a large majority of South African blacks. The restricted United Democratic Front, the Azanian People's Organization, and a host of civic, youth, and religious organizations, which are committed to nonviolent opposition to apartheid, are examples.

Afrikaners are the governors of South Africa. They must overcome their reluctance to recognize that it is they who hold the key to peace and democracy in South Africa. That must include opening the *laager* [camp],[7] with all the benefits it provides, to all South Africans. The new leader of the nationalist party, Minister of National Education, F.W. de Klerk, has indicated that change must come. We will wait and see where he is coming from.

I have described what our interests in South Africa and southern Africa are. I've surveyed how reality measures up against those interests. Now comes the hard part of policymaking: What can we do to make reality more in accord with our interests? Some assumptions about the "policy environment" which must be considered when devising a policy.

First, the self-destructive politics of this region over the past few years have prevented it from realizing its vast economic potential.

Second, the policies of the South African Government are largely responsible for the endemic instability within South Africa. Our efforts must consequently focus on influencing and changing those policies through our relationship with the South African Government.

Third, experiences at the community level of townships and on the shop floors of unionized workplaces demonstrate that South Africans have an enormous capacity for, and love of, democracy. There is a general consensus on the need for individual rights, for an independent judiciary, and for free trade unions among all who believe in and are planning a post-apartheid South Africa.

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[7] Brackets in the source text.

The South African Government's opponents bear some responsibility for creating a climate conducive to the removal of apartheid. This means that anti-apartheid activists and organizations must spell out their ideals of how South Africa would look after apartheid and challenge the political leaders of the government.

To make our views known, we will continue pressure on the South African Government for fundamental political change: a new constitutional order with equal political, economic, and social rights for all South Africans; a democratic electoral system with multiparty participation and universal franchise for all adult South Africans; effective constitutional guarantees of basic human rights for all South Africans as provided for in the Universal Declaration of Human Rights and the canons of democracy everywhere; the rule of law safeguarded by an independent judiciary with the power to enforce the rights guaranteed by a constitution to all South Africans; and an economic system guaranteeing economic freedom for all South Africans.

Sanctions will remain in effect, in one form or another, until apartheid has been eliminated in South Africa. U.S. sanctions, some dating back to 1963, are the most severe of any of South Africa's main trading partners. Yet it has been difficult to assess the economic impact of sanctions on South Africa or to demonstrate that they are helping to move South Africa in a positive direction.

The South African Government has contained the black rebellion of 1984–86 and has laid the foundation for many more years in power. The ANC, PAC, and other organizations which conduct "armed struggle" strategies are no closer to overthrowing the South African Government through military force than they ever were.

South Africa is in the throes of turmoil and change. This is perhaps best symbolized by the apparently imminent departure of State President P.W. Botha from the stage of South African politics. It is also reflected in the continuing and so far unsuccessful efforts of the South African Government to include blacks in some central government body and steps toward the recognition of black rights or residence and citizenship outside the "homelands."

Consequently, we must be careful to avoid damaging this process of change by taking a wrong step. We must also remain flexible in our policy, so that we may react quickly to changing events on the ground. Contrary to popular perceptions, especially in South Africa, the United States and other Western nations have only limited leverage in effecting change in South Africa. The model and change must be developed by South Africans; we can't do it, but we can be facilitative.

Finally, it will take generations to repair fully the damage that apartheid has inflicted on South Africans, black and white. The failure to begin work on this repair job immediately will imperil a smooth transition to a democratic postapartheid South Africa. This means we must dedicate our resources to helping blacks achieve the power of which they have been systematically deprived by supporting their education and economic and political empowerment.

We will vigorously continue to support black political and economic empowerment in a number of ways. This includes scholarships for black students to pursue university study in the United States and South Africa, together with financial help to human rights organizations and legal assistance to organizations and individuals who are struggling against apartheid. It includes support for community-based organizations and for the training of their leaders, as well as assistance to black business and other democratic change agents. This year the U.S. Government will spend approximately $34 million in these areas.

We will maintain regular contact with the ANC, PAC, and other exiled organizations and with the South African Government and continue pressure to get them talking with each other instead of shooting at each other.

We will promote contacts among South Africans of all races and encourage them to overcome the barriers which apartheid has erected. One of the most remarkable experiences for me, as an outsider in South Africa, is to witness the huge gap between blacks and whites. We work hardest in our Embassy at bringing whites and blacks together, under our roofs, so they can ask each other questions of mutual interest and get to know the other.

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The United States has traditionally been a strong voice in defense of human rights. We will continue to highlight and condemn the systematic violations in which the South African Government engages. We will offer whatever support and assistance we can to the victims of these violations in their struggle for justice. This will usually take the form, but not be limited to, legal assistance.

We will continue pressure on the South African Government for fundamental political change which will feature the full political enfranchisement of all its citizens. We recognize that the South African Government faces a threat from conservative whites who are demanding more apartheid, not less. With this in mind, we welcome recent remarks by South African officials that they will speed up the pace of political reform despite the right-wing threat.

We will note significant progress made toward the dismantling of apartheid. We will continue to let the South African Government know that we want to help, not destroy. Nevertheless, it is the actions of the South African Government we will respond to and not conciliatory words uttered in parliament.

Finally, in large measure, the United States shares its interests in South Africa with most of its Western allies. Consequently, in light of the rather limited leverage we all have separately, we must coordinate and unify our policies on South Africa for maximum impact.

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418. U.S. Reaction to Renewal of the State of Emergency

Statement Issued by the Department of State, June 9, 1989[8]

We have repeatedly called on the South African Government to lift the state of emergency, to release all political prisoners, and to take other measures that would create a climate conducive to convening negotiations with representative black leaders aimed at ending apartheid and establishing true representative democracy. We are therefore deeply disappointed at the government's decision to renew the state of emergency. We consider this action a serious obstacle to a solution to South Africa's true dilemma—racial discrimination and minority rule. We call upon the South African Government yet again to heed the call to democracy now reverberating around the world and to lift the state of emergency and all other obstacles to meaningful negotiations.

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419. President Bush's Meeting With Albertina Sisulu

Statement by President Bush, June 30, 1989[9]

I have been pleased today to welcome to the White House Mrs. Albertina Sisulu, of Soweto, South Africa. "Mama Sisulu", as she is known by her legion of admirers, is copresident of the United Democratic Front, a coalition of multiracial South African organizations opposed to apartheid. The UDF is among the organizations banned by the South African Government, and Mrs. Sisulu has been subjected to imprisonment, house arrest, and to government restrictions on her activities. However, she remains a strong advocate of nonviolence and of a nonracial South Africa.

Mrs. Sisulu has lived a life of sacrifice for the betterment of all South Africans. At age 70, she continues to be active in the service of others. Each day she travels more than an hour to reach her job as a nurse in a clinic which cares for the neediest residents of Soweto. She personifies the struggle for human rights and human dignity, and her presence here is an inspiration to us all.

As I told Mrs. Sisulu in our meeting, the United States also believes fundamentally in human rights and human dignity. We believe strongly that apartheid is wrong and that it must end. We want to see the creation of a nonracial and democratic South Africa as a result of negotiations among legitimate representatives of all of

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[8] Source: Department of State files.

[9] Source: *Weekly Compilation of Presidential Documents*, July 3, 1989, pp. 1008–1009.

South Africa's people. We support the beginning of a process leading to a peaceful transition to democracy.

To achieve our goal, we intend to expand our assistance to black South Africans to help them both economically and politically so they can play their rightful role in determining the future of their country. We will work with the Congress to increase present programs and develop new ones to assist black South Africans in the critical areas of human rights, education, employment, housing, and community development. Such programs should not be misunderstood as our acquiescing in apartheid, but rather viewed as a determined effort to bring it to an end.

We will also work closely with our allies, particularly the British, Japanese, West Germans, and Portuguese, to develop mutually supporting policies and cooperative programs to resolve the political impasse created by apartheid and to assist in the advancement of black South Africans. These nations have important historical, cultural, and economic ties with South Africa, and their wisdom and influence need to be brought to bear on the problems of South Africa and the region.

Again, it has been an honor to be with Mrs. Sisulu here today. Her struggle and that of her husband, Walter, who remains in prison, and her children, remind us of the price of freedom and the hope which her example inspires in all of us.

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420. A Coordinated Approach Toward South Africa

Statement Issued by the Department of State, August 15, 1989[10]

We are engaged in a dialog with Congress with a view to developing a coordinated approach toward South Africa. If we work together, we think we will have a better opportunity to bring the South African Government and black South Africans together in a substantial effort to end apartheid.

The broad outlines of this policy include stepped-up efforts to promote conditions which could end the political impasse created by apartheid.

This will include an effort to strengthen the economic and political position of the blacks in South Africa. We intend to undertake positive measures designed to encourage South Africans to negotiate a nonracial, democratic South Africa.

We also plan to work with our allies to help resolve regional conflicts so as to establish the context for ending South Africa's isolation and its ending of apartheid.

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421. U.S. Call for Restraint

Statement Read by the Department of State Acting Spokesman (Boucher), August 24, 1989[12]

The U.S. Government has repeatedly urged the Government of South Africa to permit the fullest possible expression of political dissent. We call on all parties in South Africa to reject the continuing cycle of violence. One of the tragic results of this violence has been that now soon after large numbers of detainees had been released, the government has begun to rearrest key opposition leaders.

A prominent example was the detention last week of Mohammed Valli Moosa, a leading figure in the banned United Democratic Front who had been working to organize a conference of anti-apartheid organizations to discuss the crucial issue of negotiations with the government.

Current events in South Africa serve to underline the need, which we have long advocated, for the government to allow all sides to freely voice their opposition. We again urge the South African Government to create a climate in which real negotiations with legitimate black leaders can take place.

All sides should avoid actions that may reduce the changes for an early start to negotiations. We call on the South African Government to exercise maximum restraint in the use of force against peaceful, political protesters.

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[10] Source: Department of State files.

[12] Source: Office of Press Relations, Department of State. The statement was read at the outset of the Daily Press Briefing, which began at 12:59 p.m.

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422. "We Congratulate Acting President De Klerk on His Party's Victory"

Statement Read by the Department of State Spokesman (Tutwiler), September 7, 1989[13]

We congratulate Acting President De Klerk on his party's victory at the polls and for leading his party to win its mandate for real change in South Africa. Apartheid must end. The elections themselves once more underscore the systematic denial of political rights to the majority population in South Africa.

The international community is carefully watching what the new South African Government will do to begin the process of change. Promises of reform must be followed by concrete, specific action. We are committed to working with all parties to bring the South African Government and black South Africans together in a substantial effort to end apartheid. We, therefore, are prepared to work with the new government toward this end.

The most important first step in the process of change is dialog between South Africans. To begin this dialog, we believe that the following steps will be necessary:

—Release all political prisoners, including Nelson Mandela and Walter Sisulu, and the return of political exiles;

—Lift the state of emergency and associated restrictions on political activity and freedom of association for the black opposition;

—Unban all political organizations, including the African National Congress (ANC); and

—End violence from all sources.

We urge the new South African Government to move as quickly as possible to create the conditions for dialog to begin. We hope all parties will take advantage of this opportunity to pursue negotiations on a peaceful process of constitutional change leading to nonracial democratic government.

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423. Progress Toward Ending the System of Apartheid

Report by President Bush, Submitted to the Congress, Undated[14]

EXECUTIVE SUMMARY

Pursuant to Section 501 of the Comprehensive Anti-Apartheid Act of 1986[15] (the Act), herewith is transmitted to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate a report on the extent to which significant progress has been made toward ending the system of apartheid. Included are recommendations on which additional measures, if any, should be imposed on South Africa.

The report concludes that the additional U.S. economic sanctions mandated by the Act have not to date been successful in moving the South African Government toward the goals outlined in Title 1 of the Act, goals that are shared by the Administration and Congress. However, recent events, including the September 6 election mandate for change claimed by President de Klerk and subsequent government/opposition cooperation in the holding of peaceful demonstrations, give some reason for hope that the opportunity for a peaceful end to apartheid has not yet been lost. The report reaches the conclusion that further sanctions are not needed at this time and would be counterproductive in view of steps being taken within South Africa and the region to bring about change through peaceful means.

While only the beginnings of possible progress have been observed, the report concludes that the current pattern of political evolution in South Africa merits attention and that the effect of sanctions has been mixed and is difficult to assess. The slowing of the South African economy as the result of sanctions has clearly demonstrated that the economic well-being of the white minority will depend increasingly on reaching a political accommodation with the black majority. However, the economic slowdown is not without negative effects, political and social. The conclusion of the report is that imposing additional measures now could be counterproductive in view of developments within South Africa and in the region. Accordingly, no additional sanctions are recommended at this time.

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[13] Source: Department of State *Bulletin*, November 1989, p. 44. The statement was read at the outset of the Daily Press Briefing which began at 12:44 p.m.

[14] Source: Department of State files. The report was handed out to the press October 5.

[15] P.L. 99–440, approved October 2, 1986; 100 Stat. 1108.

The administration believes that U.S. policy must be built around sustained commitment to use U.S. influence with all elements of South African society on behalf of change, while making clear our unswerving dedication to the achievement of a nonracial and democratic South Africa. U.S. willingness to stay involved in South Africa and to facilitate dialog among South Africans is the best approach to helping South Africans peacefully resolve their country's profound political problems at the present time.

REPORT TO THE CONGRESS PURSUANT TO SECTION 501 OF THE COMPREHENSIVE ANTI-APARTHEID ACT OF 1986

Herewith is transmitted to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate the report required by Section 501 of the Comprehensive Anti-Apartheid Act of 1986 (the Act) for the period from October 3, 1988, to October 2, 1989.

Background

Executive Order 12571[16] directed all affected Executive departments and agencies to take all steps necessary, consistent with the Constitution, to implement the requirements of the Act. They have implemented the Act fully and faithfully.

Section 101 of the Act states that it and other actions of the United States are intended to encourage the Government of South Africa to take the following steps:

—Bring about reforms leading to the establishment of a nonracial democracy in South Africa.

—Repeal the present state of emergency and respect the principle of equal justice under law for citizens of all races.

—Release Nelson Mandela, Govan Mbeki, and Walter Sisulu, black trade union leaders, and all political prisoners.

—Permit the free exercise by South Africans of all races of the right to form political parties, express political opinions, and otherwise participate in the political process.

—Establish a timetable for the elimination of apartheid laws.

—Negotiate with representatives of all racial groups in South Africa the future political system in South Africa.

—End military and paramilitary activities aimed at neighboring states.

This report assesses the extent to which the South African Government has taken steps toward ending the system of apartheid, moving toward a nonracial democracy, and reaching negotiated settlement of the South African conflict. At the end of the report is a recommendation on which additional measures, if any, should be imposed on South Africa.

The Status of Apartheid: October 1988 to October 1989

Despite recent positive signs, we are unable to report tangible progress toward the end of apartheid and the establishment of a nonracial democracy in South Africa during the period under review. There have as yet been no major changes in the present constellation of apartheid laws despite official suggestions that such may occur. Nor have negotiations with legitimate representatives of the black majority yet begun. Politically, economically, and socially, apartheid remains intact. However, the last few months have seen encouraging developments which give some reason to hope that a process of change might be beginning. Chief among these was the July meeting between then-President P.W. Botha and Nelson Mandela and the statements made by President F.W. de Klerk since his election to the effect that he has been given a mandate for change. President de Klerk also asserted that the "door is open" to dialog and, contrary to the practice of previous governments, he allowed peaceful political demonstrations to take place in Cape Town and Johannesburg the week following the election. However, during this same period, detention of political activists again increased and no actual process of dialog has yet begun. It is still too early to say whether the first incomplete steps of the new government will lead to a process of dialog and an end to the State of Emergency.

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[16] For text of Executive Order 12571, issued by President Reagan on October 27, 1986, see *American Foreign Policy: Current Documents, 1986*, pp. 676–677.

Section 101 (b) Progress or Lack thereof

Bring about reforms leading to the establishment of a nonracial democracy in South Africa. There have been no developments in this area in the past 12 months. Much of the petty apartheid legislation having already been rescinded, with the exception of the Separate Amenities Act, the remaining areas of legislated apartheid—the Group Areas Act and the Population Registration Act—are central to the entire system of apartheid. Their abolition would essentially end social and economic apartheid. There is no indication thus far that the South African Government is considering such fundamental change. However, the new government may act to remove remaining petty apartheid strictures.

Repeal the present state of emergency and respect the principle of equal justice under law for citizens of all races. The State of Emergency has not been repealed and was renewed again this year. The South African legal system, as well as the judiciary, continues to allow some recourse from the arbitrary power of the State under its emergency regulations. The acquittal of trade union leader Moses Mayekiso in April on the charge of treason for engaging in nonviolent community organization was particularly noteworthy in this regard. However, and especially under the State of Emergency, the combination of the white-controlled police and judiciary basically prejudices the system against nonwhites. Unfortunately, it is therefore impossible to say that South Africa respects the principle of equal justice for all.

Release Nelson Mandela, Govan Mbeki, and Walter Sisulu, black trade union leaders, and all political prisoners. Nelson Mandela and Walter Sisulu have not yet been released. Many other political prisoners and detainees also remain in custody. However on November 26, 1988, Zeph Mothopeng was released from imprisonment. Govan Mbeki, released in 1987, was allowed to meet with Assistant Secretary Herman Cohen in July of this year despite being under restriction. Also, during the course of the year, Mandela was given somewhat improved quarters and met with then-President P.W. Botha in July. A significant development has been the emergence of Mandela's release as the central issue in the nascent dialog over possible negotiations between the government and the opposition. Botha's decision to meet with Mandela implicitly recognized that real negotiations must include credible leaders like Mandela and, eventually, the African National Congress (ANC), of which Mandela is, after years of imprisonment, still the national and international symbol. Noteworthy in this regard is the reported understanding on the part of the South African Government that Mandela's release cannot be an isolated act and that dialog with other legitimate black leaders must be on the immediate agenda. Unfortunately, the government's release early this year of detainees, largely in response to their determined hunger strike, was mostly undone by restrictions placed on the persons freed and by new detentions of many of the same people in the election period.

Permit the free exercise by South Africans of all races of the right to form political parties, express political opinions and otherwise participate in the political process. There has been limited progress in meeting this goal. The September 6 election called attention to the fact that the South African Government is chosen on the basis of an unequal and nonrepresentative poll of the South African people. The UDF was virtually banned early this year, joining the unfortunately long list of peaceful, political organizations denied free and open existence. However, as one of the first acts of his new government, President de Klerk departed from past procedure and allowed peaceful demonstrations in Cape Town and Johannesburg during the week of September 11. Earlier in the year, the South African Government allowed Albertina Sisulu and other banned UDF leaders to travel to the United States to meet with President Bush. It is too early to know if this represents a permanent change of government policy in favor of allowing peaceful political expression. If so, it would be an important first step, but only a first step.

Establish a timetable for the elimination of apartheid laws. President de Klerk has said repeatedly since his election that he wants a South Africa free of domination and oppression. In his inauguration speech he also indicated that his government would work "urgently" on the removal of discriminatory laws. But so far the new government has not begun to turn these words into action. We are unaware of any South African Government discussions of a "timetable" for the elimination of apartheid laws, although there may have been some.

Negotiate with representatives of all racial groups in South Africa the future political system in South Africa. Many more South Africans, inside and outside of South Africa, are now talking about the need for negotiations. Also, as shown by the meeting between President Botha and Mr. Mandela and the many meetings between white and black South Africans that have been occurring in various places inside and outside South Africa, dialog has begun. However, negotiations per se have not yet begun. There remain many potential obstacles that may prevent the nascent dialog from blossoming into substantive discussions between the government and legitimate opposition leaders on how to proceed toward genuine negotiations over the future of South Africa. These obstacles include negative attitudes toward change in segments of both the white and black communities as well as lack of experience on the part of both sides in talking with each other.

End military and paramilitary activities aimed at neighboring states. The past year has been a largely peaceful one along South Africa's borders. De Klerk met with Mozambican President Chissano and with Zambian President Kaunda. De Klerk reconfirmed to Chissano the South African Government's commitment to ending aid to RENAMO and to helping obtain peace in Mozambique. Perhaps most noteworthy, the South African Government agreed last December to the implementation of UNSCR 435 on independence for Namibia and, since implementation began, has carried out its obligations in an acceptable manner. However, South Africa does not have normal and stable relations with its neighbors and there have been some cross-border incidents during the year.

Economic Measures Against South Africa

South Africa's real gross domestic product is expected to grow between 1 and 2 percent in 1989. This is a significant drop from the 3.2 percent rate recorded in 1988, and remains far below the country's economic potential and needs. The South African economy has been subjected to numerous international economic sanctions for over 25 years. Leading South African economists and government officials have highlighted the role international pressures have played as a major factor in limiting South Africa's economic growth during the past year. Current economic sanctions against South Africa are broadly classified as either trade or financial.

South Africa has reacted aggressively, and with considerable success, to international trade sanctions by developing new domestic industries to provide key products, by locating new external suppliers and markets, and by stockpiling key imports and raw materials such as petroleum. (One of the sad legacies of trade sanctions imposed against South Africa is the success of South Africa's sophisticated armaments industry. Once a major arms importer, South Africa is now, following 25 years of arms embargoes, one of the world's major arms exporters—a tribute of sorts, to "embargoes".)

South Africa's ability to circumvent sanctions is explained in part by the character of its exports. Over 60 percent of the nation's export earnings come from low bulk, high value commodities such as gold and other precious metals. When gold prices were declining, South Africa's export earnings fell, but the effects of this decline were moderated by increasing revenues from other major exports including primary minerals like ferrochrome, coal, iron ore, and copper, and from "unclassified" exports including arms. Agricultural export earnings have also remained strong.

An area in which economic pressures have impacted more heavily on South Africa has been its ability to attract sufficient foreign capital to both fuel economic growth and permit repayment of outstanding international debt. Sanctions-related restrictions coupled with shaky business confidence have virtually eliminated all new foreign lending, greatly reduced foreign investment, and forced South Africa to rely more heavily on maintaining large trade surpluses. Current debt repayment and the prospect of ballooning foreign debt payments in 1990 and 1991, combined with other capital outflows, have forced the South African Government to restrict domestic growth and impose controls on imports.

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Reduced economic growth rates and a lack of new investments have affected all segments of South Africa's population. For many white South Africans, deteriorating economic conditions have helped focus attention on the relationship between long-term white economic well-being and positive political change. Nevertheless, sanctions-related hardships have mostly hurt white poor and middle classes through ever-increasing taxes, rising inflation and high interest rates. Many white voters reacted angrily to these pressures during the 1989 parliamentary elections by almost doubling the number of seats controlled by the staunchly pro-apartheid Conservative Party.

One result of sanctions has therefore been a stronger, more vocal conservative opposition to the government's stated agenda for positive change away from apartheid. (It should be noted however, that a considerable proportion of voters picked the progressive Democratic Party, increasing the mandate for political, social, and economic change away from apartheid.)

An economic growth rate of 1–2 percent is far short of the 5 percent needed to create jobs for an estimated 350,000 new job seekers each year, most of whom are black. This has led to drastically reduced expenditures on education and housing, thus exacerbating the gross structural inequalities that deny South Africa's majority the education, skills, and opportunities it will need to successfully participate in a post-apartheid society.

Political and Diplomatic Measures

The United States has sought to further the goals of Section 101(b) through the application of appropriate political and diplomatic measures. The administration has, in the context of a now completed review of policy, begun to enunciate publicly the principles and objectives of our approach to South Africa. U.S. policy is based on unequivocal abhorrence of apartheid and a commitment to promote negotiations between the South African Government and legitimate black leaders aimed at achieving a nonracial and democratic South African society. We have made our principles clear:

—A commitment to end apartheid;

—Assistance to black South Africans;

—Active U.S. diplomacy to resolve conflicts and support economic development in southern Africa;

—Consultations with our allies;

—Working with Congress to develop a bipartisan approach toward South Africa.

Active opposition to apartheid is the unambiguous policy of the United States. We totally reject South Africa's system of race-based minority rule. As long as that system endures, relations with the United States will not be normal. We have clearly stated this to both the government and the people of South Africa, underscoring our belief that the most important first step in the process of change is dialog among South Africans. We have also begun to make clear our view of the conditions under which this dialog can begin. They include:

—The release of all political prisoners, including Nelson Mandela and Walter Sisulu, and the return of political exiles;

—Lifting the state of emergency and associated restrictions on political activity and freedom of association for the black opposition;

—The unbanning of all political organizations, including the ANC; and

—An end to violence from all sources.

We have therefore called on the new South African Government to move quickly to begin creating the conditions for dialog and for all parties to take advantage of the opportunity to pursue negotiations on a peaceful process of constitutional change. This has sent a powerful message, widely noted, of where the United States stands and what sort of peace process we are ready to support. We have also increased the tempo and deepened the level of our contacts with the black opposition inside and outside South Africa. The meetings between such black opposition leaders as Albertina Sisulu, the Rev. Allan Boesak, and Archbishop Desmond Tutu with the President, highlighted the administration's new policy in this regard. This sends a signal that the world is not simply standing by waiting for Pretoria to act.

On the diplomatic side, we are consulting with our allies and other states in southern Africa. Most importantly, we have maintained an active diplomacy focused on achieving peaceful resolution of regional conflicts, particularly in Angola and Mozambique. We are continuing our efforts to ensure that Namibia achieves its independence in accordance with UN Security Council Resolution 435/78. We have worked actively with all the parties, including the South African Government, to keep this process on track. A successful transition to independence in Namibia, coupled with the removal of Cuban troops from Angola, removes a continuing source of regional tension and instability. Negotiated settlements in Angola and Mozambique, in the wake of a successful transition in Namibia, would enhance the prospects for negotiations in South Africa itself.

Presidential Recommendations

Section 501(c) of the Act states that if the South African Government has not made significant progress in ending apartheid and establishing a nonracial democracy, the President shall include in this annual report recommendations on the imposition of additional measures from among the five listed in that subsection. Section 101(c) states that the United States will adjust its actions toward South Africa to reflect the progress or lack of progress made toward the establishment of a nonracial democracy.

At present, there is no negotiated settlement for the end of apartheid nor any negotiations. By only this yardstick, there has been no apparent progress over the last 12 months nor since 1986. Yet for the first time since enactment of the Act, it is possible to be somewhat hopeful that a negotiation process may be just beyond the horizon. Certainly, the great pressures, internal and external, on South African whites to accept a change in their unjustly privileged status are growing. But talk of "forcing" South Africa into negotiations misses the point. "Negotiations" are between willing parties.

Existing pressures, including market forces and other sanctions, have played a role in helping convince the South African Government that it must move beyond its current position and accept change. The election of the De Klerk government in the face of determined conservative efforts to pull South Africa backwards, and the growth in popularity of the Democratic Party, suggest De Klerk is right in noting that 70 percent of South African whites voted their acknowledgment that change must come. Of course there is no way of knowing how much agreement exists on the nature and pace of change. De Klerk has indicated that he will move at moderate pace consistent with maintaining the confidence of the white community. However, he appears fully committed to pursuing a negotiated solution.

Despite the current defiance campaign and deep black distrust of the government, there is movement by blacks toward dialog. The ANC has been developing a negotiating position while conducting consultations with supporters inside and outside South Africa. Supporters of the Mass Democratic Movement are also debating the subject of negotiations. United Democratic Front leaders are reportedly ready to meet with the South African Government and vice-versa. Groups of whites have traveled to Lusaka and elsewhere to talk with the ANC and whites and blacks within South Africa have never been totally estranged. The historic meeting between President Botha and Nelson Mandela put the government in the middle of all this "talk about talk."

There is therefore reason to believe that the opportunity for a peaceful end to apartheid has not yet been lost. Over the next several months, the focus of attention should be on events "on the ground" in South Africa. All the parties need time to sort out their positions and reach out to each other in dialog. In this context and at this time, further sanctions would be inappropriate and confusing. For our part, we intend to help facilitate wherever possible the development of dialog between South Africans by keeping up contact with all parties.

The comprehensive sanctions enacted in the Act are being fully implemented. Existing U.S. sanctions on South Africa are the toughest of any of South Africa's active trading partners. The slowing of the South African economy as the result of market forces and sanctions, ours and others, has clearly demonstrated that the economic well being of the white minority will depend increasingly on reaching a political accommodation with the black majority. Pressure for change has come from inside South Africa as well. The fact that many in South Africa are now talking about reform, negotiation and an end to white rule shows that these pressures have not been without some effect. But it is difficult to be certain how much of this change is due to sanctions or how further sanctions now would alter the mix of incentives, disincentives, fears, hopes, and concerns that are in play among South Africans. It seems better for the moment therefore to allow South Africans an opportunity to negotiate their own solutions.

A review has been conducted of the suggested additional measures listed in Section 501(c) in light of what the United States hopes to achieve in South Africa as well as the impact of measures already taken. For the reasons cited above, despite the lack of significant progress toward the abolition of apartheid thus far, no additional sanctions are recommended at this time.

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424. Basic Principles Guiding U.S. Policy Toward South Africa

Statement by the Assistant Secretary of State for African Affairs (Cohen), October 3, 1989[17]

I am particularly glad to be here now, as part of our continuing effort to build a bipartisan approach for U.S. policy on South Africa. Along with Central America, South Africa was highlighted at the outset by Secretary Baker as an area where the breakdown of bipartisan support undercut the ability of the United States to encourage a peaceful transition to democracy. We want to be able to send a clear signal of broad, bipartisan support for a policy premised on unequivocal abhorrence of apartheid, reflected in a sustained U.S. commitment to promoting negotiations between the government in Pretoria and legitimate black representatives leading to a nonracial and democratic South Africa. Our intention now is to proceed in close consultation with Congress.

We have heard your views and those of many others. Throughout, we have kept a careful eye on the events unfolding during the last several months in southern Africa, some of which have given us reason to believe that the possibility for a peaceful end to apartheid is increasing. But we have also kept before us a clear sense of the moral outrage of the American people in this 41st year of South Africa's government-imposed, repressive apartheid. This outrage at apartheid is shared by this administration and is the impetus for our according priority attention to change in South Africa.

Outrage alone, of course, is not enough. It must be put into guiding principles and translated into a program of sustained and comprehensive effort. An accurate understanding of events on the ground is also necessary. I would like to take this opportunity briefly to lay out for you these elements as we see them.

The basic principles which will guide U.S. policy toward South Africa in this administration are clear:

—Our commitment to an end to apartheid and to fundamental political change, leading to a nonracial, democratic South Africa;

—Full enforcement of the Comprehensive Anti-apartheid Act;

—Expanding assistance to black South Africans;

—Active U.S. diplomacy to resolve conflicts and support economic development throughout southern Africa;

—Intensive consultations with other nations, especially South Africa's major trading partners and the front-line states; and

—Closer cooperation with the Congress on a bipartisan approach.

The process of translating these principles into policy will be taken against the backdrop of perceptible political evolution in South Africa, amidst signs of nascent movement on both sides toward dialog.

On the one side, we saw several interesting developments beginning with the July meeting between P.W. Botha and Nelson Mandela. To many, this historic meeting was a clear indication that the South African Government had come to recognize that the future of South Africa could not be settled without dialog with credible leaders like Mandela. More recently we saw the new President of South Africa, F.W. de Klerk, declare that the white electorate had given him a mandate for change. He then moved quickly to allow—contrary to the previous government—several peaceful political demonstrations to take place despite emergency restrictions. On the other side, we saw that black South Africans, inside and outside South Africa, were taking the possibility of dialog seriously enough to begin formulating their positions on possible negotiations. There was much that was encouraging and worth further discussion in the African National Congress (ANC) proposals released in Harare last August.

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[17] Source: Department of State *Bulletin*, December 1989, pp. 29–30. Cohen testified before the Subcommittee on African Affairs of the Senate Foreign Relations Committee.

Of course nothing about the move toward dialog is assured. During this same period, for example, detention of political activists again increased, and some demonstrations were blocked, though without bloodshed. It is still too early to say whether the first steps of the new De Klerk government will lead to a process of dialog and an end to the state of emergency, but they offer reason to hope.

For our part, we view the commencement of dialog between the government and credible representatives of the black majority as the most important first step in the process of change. We, therefore, welcomed President de Klerk's affirmation that the "door is open" to such a process. We also made clear our view of the conditions which would facilitate dialog:

—Releasing all political prisoners, including Nelson Mandela and Walter Sisulu, and allowing the return of political exiles;

—Lifting the state of emergency and associated restrictions on political activity and freedom of association for the black opposition;

—Unbanning all political organizations, including the ANC; and

—Ending violence from all sources.

We know that it is unreasonable to expect that everything can be done at once. But we believe that the new South African Government should move quickly on this agenda to begin creating the conditions for dialog to begin. And we call on all parties to reexamine their previous ways of reacting to each other and thereby prepare themselves to take advantage of all opportunities which arise to pursue negotiations on a peaceful process of constitutional change. This is primarily a process for South Africans. But we are prepared to assist where we can be useful.

Our policy will balance pressure and incentives. We have broadened and deepened our dialog with black South Africans, both inside and outside their country. In this respect, I want to pay tribute to Ambassador Ed Perkins who opened many doors for us in South Africa. We will continue to denounce apartheid and identify with the aspirations of black South Africans. We are committed to active expansion of our program of "positive measures" designed to strengthen multiracial resistance to apartheid, build black bargaining power, and help blacks not to endure apartheid but to prepare themselves for leadership in a postapartheid, nonracial democracy. To accomplish this, we intend to increase assistance for university scholarships, human rights, and community leadership. We will seek to upgrade Voice of America transmissions to South Africa, provide targeted assistance to universities in South Africa that are open to all students regardless of race, and stimulate private sector aid for bursaries and training—perhaps via mechanisms such as Congressman Dymally's proposal to establish a U.S. commission on southern Africa.

At the same time, we are committed to maintaining access to South Africa's white leadership and actively supporting the U.S. business presence, which has helped lead the way toward better race relations. Secretary Baker met earlier this year with the chief executive officers of major U.S. companies in South Africa and told them they are an integral part of our effort to be a force for positive change in South Africa. Our aim in all of this is to position the United States so as to maximize our ability to promote dialog leading to full-fledged negotiations on a nonracial democratic future for South Africa.

Regionally, though, there are ups and downs, efforts to resolve conflict through negotiations are underway in Angola and Mozambique, and the independence process is well underway in Namibia. We helped create these opportunities, and we will remain active in seeing them through to success. We will base our approach on U.S. interests in the region, keeping our opposition to apartheid at the center of our policy and coordinating as closely as possible with South Africa's important trading partners, the front-line states, and other interested parties. In this regard, I call upon the Congress to remove sanctions on Namibia immediately after UN certification of the November elections and thus show a U.S. commitment to the successful emergence of this new nation.

In terms of our relations with South Africa, we have long used diplomatic and other pressure to promote forward motion in South Africa's internal policies. The administration is committed to effective enforcement of existing sanctions—the most comprehensive of South Africa's major trading partners. At the same time, it is important to maintain a level of official representation that enables us to sustain contact with all communities in South Africa. We intend to maintain this policy and will not move toward full normalization of our diplomatic relations in the absence of significant progress toward ending apartheid and establishing a nonracial democracy.

We will also continue to work with the other states in southern Africa to strengthen their independence and reduce their vulnerability to external pressure. At the same time we will promote regional cooperation in order to reduce inefficiencies, allow greater play to market forces, give all parties an increased material stake in regional stability, and establish the groundwork for postapartheid regional economic integration.

For the first time in years, it is possible to be somewhat hopeful that a negotiation scenario may be just beyond the horizon. The great pressures, internal and external, on South African whites to accept change are growing and are helping convince the South African Government that it must move beyond its current position and accept fundamental change. Sanctions have played a role in stimulating new thinking within the white power structure. It is now increasingly clear to that government that the well-being of the white minority cannot be sustained without a negotiated political settlement that results in political equality for all South Africans. In fact the new De Klerk government has indicated it is prepared to take concrete steps to address this need. For this reason, the administration recommends that no new sanctions be considered at the present time, while existing measures be maintained in the hope and expectation that positive signs of a commitment to change will emerge in the near future. You can be assured that we will be working actively toward this goal, and we trust that we can continue to find common ground with you in our mutual effort.

I believe the newly elected political leaders of the white minority understand fully the necessity for a political settlement and are developing a strategy for negotiations. It would be appropriate, therefore, to allow that leadership reasonable time to demonstrate—mindful of outside expectations but without increased outside pressure at the present time—the will, the capability, and the courage to launch the dismantling of apartheid on an inevitable course.

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425. "The Most Important First Step . . . Is Dialog Among South Africans"

Daily Press Briefing by the Department of State Spokesman (Tutwiler), October 18, 1989 (Extract)[18]

. . . .

Q. Also, do you have anything on the South African Government's willingness to meet with some of the ANC released leaders?

A. I have an overall statement on some of the things that have been going on in South Africa in the last several days.

We are encouraged by these indications that the South African Government is ready to be inclusive in its approach to engaging the opposition in dialog and negotiations. The most important first step in the process of change is dialog among South Africans. To create the proper climate for dialog, the following must occur: (1) the release of all political prisoners, which the government has begun, and the return of political exiles; (2) the lifting of the State of Emergency and associated restrictions on political activity and freedom of association for the black opposition; (3) the unbanning of all political organizations, including the ANC; and (4) an end to violence from all sources.

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[18] Source: Office of Press Relations, Department of State. The briefing began at 12:27 p.m.

The South African Government should continue to move as quickly as possible to create the conditions for this dialog to begin. We hope all parties will take advantage of this opportunity to pursue negotiations on a peaceful process of constitutional change leading to a nonracial democratic government.

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426. Opening of an ANC Office in Washington

Statement Issued by the Department of State, November 17, 1989[19]

Q. I understand the ANC has opened an office in Washington. Does the State Department have any comment on that?

A. The ANC has opened an office in Washington and has designated Lindiwe Mabuza to head the office.

The Bush administration has repeatedly indicated its intention to expand its dialog with South Africans across the political spectrum, including the ANC.

We have long maintained a range of contacts with the ANC and U.S. officials have already met with Ms. Mabuza in Washington. We hope the presence of an ANC representative in Washington will contribute to the dialog.

427. Explanation of U.S. Votes on Anti-Apartheid Resolutions

Statement by the Alternate Representative to the 44th Session of the U.N. General Assembly (Moore), November 22, 1989[20]

Mr. President, it is a source of great sadness and disappointment to us that we must meet once again, as we have so many times in the past, to consider resolutions concerning apartheid. It is a tragedy that apartheid still exists. The U.S. Government and people have repeatedly made clear our abhorrence of apartheid. We remain concerned that it must be dismantled and replaced, and we will continue to work for that objective through peaceful negotiations, to achieve a nonracial, democratic system of government.

Mr. President, I will not elaborate at length my government's view on apartheid, or what steps need to be taken by the South African Government and its people to resolve the situation in that troubled country. We have done so on numerous occasions in many places. I will confine my remarks to the resolutions before this assembly.

The United States was pleased to be able to join the consensus on the Resolution on International Support for the Eradication of Apartheid in South Africa Through Genuine Negotiations.[21] My government has made explicit numerous times its belief that the only way truly to resolve the difficult issues in South Africa is through peaceful negotiations. Violence will not work; it creates problems rather than resolving them; it leaves lasting scars which perpetuate hate and fear.

The demands articulated in this resolution are among the actions that can be taken by one of the parties to "help create the necessary climate for genuine negotiations." This is not an exhaustive list of what could be done nor does it include actions which other parties to this conflict could also take to further and to accelerate the peaceful resolution of this issue. If we are to see progress, all parties involved in this tragic issue need to act to forestall violence and begin the process of negotiation.

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[19] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to a question asked at the Department of State Daily Press Briefing earlier that day.

[20] Source: U.S. Mission to the United Nations Press Release USUN 168–(89), November 22, 1989. Moore's statement was in explanation of the vote on Item 28, Policies of Apartheid of the South African Government.

[21] U.N. General Assembly Resolution 44/27B, *International Support for the Eradication of Apartheid of South Africa Through Genuine Negotiations*, was adopted without a vote on November 22.

We are encouraged by the positive actions taken by the new South African Government as well as by the recognition in the Harare Declaration of the need for peaceful negotiations. These are first steps; there still is a long and difficult road ahead. However, if the problems still to be faced are addressed positively and with sincerity, all the South African people will reap the benefits of peace, freedom, and democracy.

Mr. President, unfortunately not all of the resolutions which came before this body demonstrated as much wisdom. As I have already made clear, the United States has repeatedly emphasized its objection to armed struggle, which was endorsed in several of the resolutions which came before us. In this forum especially, we should not accept language which legitimizes armed conflict. This is a position wholly contrary to the dedicated search for peaceful solutions to the world's problems which is the raison d'être of this assembly, our purpose in meeting here. A call to violence, Mr. President, only increases the probability of greater violence. For this reason we have again opposed resolutions which endorse violence.

Secondly, Mr. President, my government maintains firmly its opposition to comprehensive, mandatory sanctions. The irony of the Assembly's call for them[22] is hard to ignore. Others with more active trade ties with South Africa have been among the most vocal in calls for sanctions. The United States has imposed and enforced the most stringent sanctions against South Africa of any member of this Assembly. The stated purpose of these sanctions is to encourage the South African Government to move through peaceful negotiations towards the elimination of apartheid and the establishment of a nonracial democratic society. The release of some important political prisoners, the repeal of laws which segregated some public places, the visits of South Africa's Presidents to various capitals in southern Africa, suggest that South Africa is indeed moving in that direction. While such steps must continue and go further, now is not the time to rebuff these signs of progress by the introduction of additional sanctions by the international community.

Mr. President, my delegation has been on record for many years now as opposed to the practice of name-calling by U.N. bodies, yet the practice persists. We cannot support any resolutions which single out by name any country to condemn for actions which we all know are also taken by others, including some of those most vocal in their criticism. We shall continue to oppose this practice.

Mr. President, change is in the air in southern Africa. The time has never seemed better to move the process of change forward. However, progress must be recognized and taken advantage of. We have felt compelled to abstain on the resolution on the work of the special committee against apartheid[23] because it has failed to take adequate note of the changes which have occurred and are continuing. I also wish to make clear my delegation's strong feeling that this draft resolution does not mandate additional expenditures by the Department of Public Information. Our analysis indicates that, given the low utilization rate of grants provided to the special committee in recent years. Additional budget authority should not be required to cover its grant of $430,000 to the committee, and our abstention on the resolution is based on this reading of its requirements. It is now time to focus on the future, and we must use all our skills to help devise mechanisms to bring the parties forward. The resolution on eradicating apartheid through genuine negotiations is an example of the type of constructive action that can be taken. It, I hope, is an example of the approach we will increasingly see in the future.

For the first time in years, it is possible to be somewhat hopeful that a negotiation scenario may be just beyond the horizon. The great pressures, internal and external, on South African whites to accept change are growing and are helping to convince the South African Government that it must move beyond its current position and accept fundamental change. It is now increasingly clear to that government that the well being of the white minority cannot be sustained without a negotiated political settlement that results in political equality for all South Africans. The aim of the United States in all of this is to maximize our ability to promote dialog leading to full-fledged negotiations on a nonracial democratic future for South Africa.

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[22] U.N. General Assembly Resolution 44/27C, *Comprehensive and Mandatory Sanctions Against the Racist Regime In South Africa*, was adopted on November 22 by a vote of 118 to 11 (including the United States) with 22 abstentions.

[23] U.N. General Assembly Resolution 44/27G, *Programme of Work of the Special Committee Against Apartheid*, was adopted on November 22 by a vote of 145 to 0 with 10 abstentions (including the United States).

Thank you, Mr. President.

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428. "We Applaud the Meeting" Between De Klerk and Mandela

Daily Press Briefing by the Department of State Acting Spokesman (Boucher), December 13, 1989 (Extract)[24]

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Q. . . . Do you have anything on the De Klerk–Mandela meeting today?

A. Yes. To review the facts first, the South African Minister of Justice has announced that the two leaders met this morning at the President's office in Capetown at Mr. Mandela's request. They reportedly explored ways and means to address current obstacles in the way of meaningful dialog. According to the government statement, follow-up talks in the new year are envisaged.

We applaud the meeting. We view the commencement of a dialog between the government and credible representatives of the black majority as the most important first step in the process of change.

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429. "The United States Has Consistently Condemned South Africa's . . . Apartheid"

Statement by the Permanent Representative to the United Nations (Pickering) Before the 16th Special Session of the U.N. General Assembly, December 14, 1989 (Extracts)[25]

Mr. President, the United States has consistently condemned South Africa's system of apartheid in the strongest terms. The United States has in place and enforces the most comprehensive sanctions of any of that country's major trading partners. Our bilateral assistance programs and assistance to the Southern African Development Coordinating Conference support the black majority in South Africa and those states in the region to promote regional stability.

Against this background it is a pleasure for me to address this Special Session of the General Assembly on apartheid and its destructive consequences in southern Africa.

This Special Session provides the international community the opportunity—and the responsibility—to adopt a clear, coherent, and, as the President of the General Assembly called for on the opening day of this session, unanimous declaration which would send an unambiguous signal to the people of South Africa that the entire world community supports efforts to find genuine, peaceful solutions to their problems, and to the Government of South Africa that apartheid must end. Mr. President, we must not let this opportunity slip from our grasp.

We are pleased that it is now well within our reach. I would like to take this opportunity briefly to lay out the basic principles which guide U.S. policy toward South Africa:

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[24] Source: Office of Press Relations, Department of State. The briefing began at 12:49 p.m.

[25] Source: U.S. Mission to the United Nations Press Release USUN 186–(89), December 14, 1989. The 16th Special Session of the U.N. General Assembly on Apartheid and its Destructive Consequences in Southern Africa met December 12–14, and adopted unanimously, on December 14, U.N. General Assembly Resolution S–16/1, *Declaration on Apartheid and Its Destructive Consequences in Southern Africa*.

—Our commitment to an end to apartheid and to achieving fundamental political change leading to a nonracial, democratic South Africa;

—Full enforcement of United States sanctions against South Africa;

—Expanding assistance to black South Africans;

—Active U.S. diplomacy to resolve conflicts and to support economic development throughout southern Africa; and

—Intensive consultations with other nations, especially South Africa's major trading partners and the front-line states, on the problems and issues facing southern Africa.

The process of translating these principles into policy is taking place against the backdrop of perceptible political evolution in South Africa, with signs of movement on all sides toward constructive dialog. We have seen several encouraging developments, beginning with the July meeting between P.W. Botha and Nelson Mandela. To many, this historic meeting was a clear indication that the South African Government had come to recognize that the future of South Africa could not be settled without dialog with credible leaders like Mr. Mandela. Just yesterday, President De Klerk met with Mr. Mandela. We applaud this meeting, but more importantly the spirit and commitment it represents on the part of the South African Government.

More recently, the new President of South Africa, F.W. de Klerk, declared that the white electorate had given him a mandate for change. He then moved to allow, in contrast to the previous government, political demonstrations to take place despite emergency restrictions. The peaceful nature of these meetings should have sent a strong signal to the government that such gatherings should not be banned in the future. Mr. de Klerk also met with opposition leaders in the church—Reverend Frank Chikane, Reverend Allan Boesak, and Archbishop Desmond Tutu; the government released eight opposition leaders who had been in prison since the 1960's, including Walter Sisulu. Most recently, Mr. de Klerk announced the abolishment of the criticized National Security Management System and a cut in military expenditures. We have no illusions, however; there remains a long way to go, and the proper credibility and confidence among the parties must still be established.

We observe that black South Africans, inside and outside the country, are taking the possibility of dialog seriously and, as evident from the Harare Declaration, are formulating their positions on possible negotiations.

For our part, we view the commencement of dialog between the government and credible representatives of the black majority as the crucial element in the process of movement toward full negotiations. We welcome President de Klerk's affirmation that the "door is open" to such a process. We also have made clear our view of the actions which would facilitate such a dialog:

—The release of remaining political prisoners, including Nelson Mandela, and the return of political exiles;

—The lifting of the State of Emergency and of restrictions on political activity and on freedom of association for the black opposition;

—The unbanning of all political organizations, including the ANC and the PAC; and

—An end to violence from all sources.

The new South African Government should move quickly to create the climate for dialog to begin. We call on all parties to prepare themselves to take advantage of all opportunities which arise to pursue negotiations on a peaceful process of constitutional change. This is a process for South Africans but the United States is prepared to assist where it can be useful.

We have broadened and deepened our own dialog with black South Africans, both inside and outside their country. We will continue to denounce apartheid and identify with the aspirations of black South Africans. We are committed to active expansion of our assistance program designed to strengthen multiracial resistance to apartheid, build black bargaining power, and help blacks, not to endure apartheid, but to prepare themselves for leadership in a postapartheid, nonracial democracy.

We are committed to maximize our ability to promote dialog leading to full-fledged negotiations on a nonracial democratic South Africa based on universal, nonracial, and equal suffrage. In our relations with South Africa, we have long used diplomatic and other pressures to promote forward motion in South Africa's internal policies. Our diplomatic relations with South Africa are strained and will remain so until there is significant progress toward ending apartheid and establishing a nonracial democracy.

. . . .

Mr. President, for the first time in years, it is possible to be somewhat hopeful that a negotiation scenario for South Africa may be on the horizon. The great pressures, internal and external, on South African whites to accept change appear to have reached a critical mass and are helping convince the South African Government that it must move its current position and accept fundamental change. Sanctions have played a role in stimulating new thinking within the white power structure. It is now becoming increasingly clear to that government that a negotiated settlement that produces political equality for all South Africans is essential. The new De Klerk government has indicated it is prepared to take concrete steps to address this need and is developing a strategy for negotiations. That leadership must now demonstrate that it has the will and the courage to launch the dismantling of apartheid on its inevitable course.

We in the United States share the depth of feeling expressed by the delegations here who have condemned apartheid. We too abhor the racial policy of apartheid and deplore the damage it has done—not only to the lives of South Africa's citizens of all races, but also to the lives and fortunes of other states in the region. We agree that apartheid must go, and we repeatedly have made clear our preference that it be replaced through negotiations among representatives chosen by all South Africans.

Thank you, Mr. President.

E. West Africa

1. Liberia

430. U.S. Assistance to Liberia

Statement by the Deputy Assistant Secretary of State for African Affairs (Rosenberg), April 14, 1989 (Extract)[1]

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Regarding Liberia, we are somewhat concerned about the effect of the unusually restrictive certification language in the Foreign Assistance Appropriations legislation governing ESF. This language requires the administration to certify that the Government of Liberia is taking certain steps regarding economic and human rights related issues before any ESF can be obligated.

For a variety of reasons, including our withdrawal of the OPEX team—and I know this is a subject that we have had lengthy discussions with you about, Mr. Chairman, and have looked to your leadership on the economic front on this matter—the practical effect is that the certifications required are unlikely to be made in the short- to medium-term future.

As a result, we have a sum of about $22 million in ESF which is currently blocked. Current law allows the use of these funds for ongoing PVO activities, but there are constraints as far as how much can be used.

The signal that has been sent, that U.S. assistance is not unrelated to the Liberian Government's economic and human rights performance, is one in which we are in agreement. We also think deserving sectors in Liberian society, such as private enterprise and the poor, are being punished for inadequate government performance. Since these sectors are the key focal points for responding to unmet social needs and for employment creation, we would hope that a distinction could be made between assistance in these areas and business-as-usual aid to the Liberian Government.

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[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 7, pp. 676–677. Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, David R. Obey, presided over the session.

Development funds, for example, have not been made subject to these same certification requirements. So our impression is that congressional intent was to exempt at least basic needs types of assistance. Our strong preference would be that the fiscal year 1990 language does not contain the same certification language. If Congress does choose to restrict use of ESF, we urge the language be written so ESF funding can be used in the private sector, which shows resiliency despite Liberian Government mismanagement in basic human needs projects. If fiscal year 1989 ESF can be clarified in the same way, so much the better.

We still do have unique ties and considerable interests there. In addition to our historic relationship, there are 5,000 Americans resident in Liberia. We have extensive and largely irreplaceable, I am told, communication facilities, plus access to valuable airport and transport infrastructure.

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2. Mali

431. FY 1990 Assistance Request for Mali

Prepared Statement by the Administrator, Agency for International Development (Woods), January 10, 1989 (Extracts)[1]

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AID STRATEGY

The goal of the AID program is sustainable economic growth; the strategy focuses on addressing constraints in the entire chain of economic activities that promote growth, including agricultural production, private enterprise development, and the regulatory environment. AID's principal sectoral focus is in agriculture, as a strong agricultural sector generates and sustains economic growth. Almost all of Mali's foreign exchange earnings come from agricultural exports. In addition, increased food crop production improves rural incomes, stimulating demand for goods and services from the commercial and industrial sectors.

Sustained productivity from the agricultural sector has been restrained by inappropriate GRM policies, by cyclical droughts, and by shortage of trained personnel and financial capital. A number of these constraints are being addressed by AID's interventions, both directly and in collaboration with other donors. AID is exploring programs to expand or initiate exports to neighboring countries of agricultural products, including live cattle, meat and meat products, cereal grains, fresh produce, processed foods and condiments. Over the long run, AID is working to develop Mali's ability to become a full partner in regional and international markets, in those products in which it has a comparative advantage.

AID will continue to be active in the areas of economic restructuring and policy reform, as well as in agriculture and the health, family planning and nutrition spheres. In all of these areas, emphasis is being placed upon reduction of the role of the state and the freeing of private energies to provide needed goods and services. A combination of nonproject assistance, traditional project investments and P.L. 480 resources is being used to implement the strategy.

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[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 2, pp. 234–236. For other extracts from this statement, see Documents 375, 386, 387, and *infra*.

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FY 1990 PROGRAM

The FY 1990 request of $19 million for the Development Fund for Africa will finance the continuation of the Family Health (688-0227, $1.9 million), Farming Systems Research (688-0232, $2.3 million), Development of the Haute Vallee (688-0233, $3.6 million) and PVO Co-Financing (688-0247, $1.0 million) projects. Two new projects are planned, Agricultural Research Support (688-0250, $3.0 million) and the second phase of the Economic Policy Reform Program, EPRP II (688-0245, $5.0 million). Assistance to family planning, child survival and human resource development also will continue through "buy-ins" to regional projects ($2.2 million).

In addition to planned bilateral activities, AID will continue its comprehensive program of monitoring and reporting on rainfall and staple food availability, as well as responding to grasshopper and locust infestations, and outbreaks of disease. Through a newly established Women in Development committee, emphasis is being placed, in all AID programs, on encouraging broad-based growth through involving women fully in all fields of Malian economic life. Participation in the PRMC program will be continued, either through a Title II, Section 206, program or through a cash transfer depending on Malian food needs and U.S. food and funding availabilities.

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3. Mauritania and Senegal

432. FY 1990 Assistance Request for Senegal

Prepared Statement by the Administrator, Agency for International Development (Woods), January 10, 1989 (Extracts)[1]

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AID STRATEGY

AID's assistance strategy, which aims to lay a foundation for sustainable growth with equity, has four main elements: key structural and financial reforms; increased agricultural production; environmental stabilization; and improved family health, including reduced population growth rates and improved child survival. This strategy is implemented through an interrelated combination of program assistance, food aid, and project assistance.

AID has pursued an aggressive policy dialog aimed at reducing the role of the state and promoting the free play of market forces. AID's policy dialog has focused on improvement of fiscal performance, with allocation of resources to productive sectors; implementation of a coherent strategy for increased food security; liberalization of cereals marketing; promotion of the private sector as a substitute for defunct government agencies, particularly in providing farmers with services and agricultural inputs; reduction of the role of agricultural development agencies; and restoration of bank liquidity and use of better banking practices.

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FY 1990 PROGRAM

The FY 1990 program will continue to help Senegal implement structural reforms in agriculture and industry through the $10 million Economic Support Fund program (685–0298) and the $5 million P.L. 480, Title I, program. Sectoral reform conditionality, self-help measures, and local currency programming will support ongoing reform efforts. FY 1990 also will be the second year of implementing agricultural policy reform under the Agricultural Sector Grant program (685–0297), $7 million. Natural resource protection will continue under the Southern Zone Water Management project (685–0295), $5 million. Other continuing projects, Transfer of Technology (685–0281), Program Development and Support (685–0294), and Human Resources Development Assistance (698–0463.85), will be funded at $1 million each.

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[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 2, pp. 305, 307. For other extracts from this statement, see Documents 373, 386, 387, and *supra*.

The new Strengthening Agricultural Research project (685–0285), $5 million, is the third phase of a long-term effort to develop the National Institute for Agricultural Research. Improved agronomic techniques resulting from research will be extended to farmers through both the private and the public sectors.

The new Child Survival project (685–0286), $2 million, will extend nationwide the child survival program included in the primary health care system established in two regions under the Rural Health Delivery Services II project.

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433. Humanitarian Assistance for Mauritania and Senegal

Statement Issued by the Department of State, May 4, 1989[2]

Q. What assistance has the United States provided to help cope with the recent wave of ethic violence in Senegal and Mauritania?

A. The United States has provided more than $100,000 in disaster assistance to deal with the victims of nearly 2 weeks of ethnic violence[3] in Mauritania and Senegal. The funds have been used to provide medical supplies, food, clothing, and shelter to those injured in the violence, and those who have fled it. The United States airlifted medical supplies to Nouakchott April 27, for example, has provided food to displaced Mauritanians and Senegalese in Dakar and has provided blankets and shelter to Mauritanians who fled to The Gambia. We are continuing to assess the needs of those caught in the violence.

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[2] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to a question asked at the Department of State Daily Press Briefing earlier that day.

[3] On May 1, the Department of State issued a statement deeply regretting the ethnic violence between Mauritanians and Senegalese, and urged the two governments toward reconciliation.

Chapter 15. Latin America

A. Regional Policy

434. A New Partnership for the Nations of the Americas

Address by President Bush Before the Council of the Americas, May 2, 1989 (Extract)[1]

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. . . Looking around the world today, in developing countries and even in the Communist bloc, we see the triumph of two great ideas: the idea of free government and the idea of free enterprise. And certainly Latin America and the Caribbean are proving fertile ground for these ideas. Democracy, a decade ago the exception, I think we would all agree, is today the rule. And the symbol of this new breeze is the ballot box. And by year's end, 14 national elections will have been held across the Americas.

And let's remember what it means to vote in some countries when democracy itself is at stake. We're not talking about people who may stay home from the polls because it's raining or rush-hour traffic is heavy. We're talking, in some cases, about people literally risking their lives to exercise their democratic right.

And listen to the words of a Salvadoran man on the eve of last month's Presidential elections in that country—elections that guerrilla forces vowed to disrupt: "Of course I'm going to vote, although I have to admit it's very scary. Here, going to the grocery store can be dangerous, but you have to do it. And you have to vote, too. We just can't roll over and play dead each time we're threatened." That's the voice of democracy speaking, and it's the voice of courage and hope.

Economically, although there is mounting concern about international debt, there are encouraging signs as well. Mexico has joined GATT and is moving toward a more open and internationally oriented economy. In Costa Rica and Brazil and Venezuela, new ventures are creating export opportunities that promise a broader economic base for those countries. You in the business community are among the pioneers and partners in these changes. And you're contributing to Latin America's increased productivity; you're helping the region to fulfill its potential for progress.

The historic shift in political and economic thinking now underway in Latin America is good news for us all. Our task is clear: To make the most of the new opportunities open to us, we must improve our working partnerships in this hemisphere—between countries north and south; between government, business and labor; and in the United States, between the different branches of the Federal Government. We share common interests—must work toward a common aim.

My administration will work to build a new partnership for the Americas, a partnership built on mutual respect and mutual responsibilities. And we seek a partnership rooted in a common commitment to democratic rule.

The battle for democracy is far from over. The institutions of free government are still fragile and in need of support. Our battlefield is the broad middle ground of democracy and popular government; our fight, against the enemies of freedom on the extreme right and on the extreme left.

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[1] Source: *Weekly Compilation of Presidential Documents*, May 8, 1989, pp. 650–653. Omitted here are President Bush's brief opening remarks. His address began at 11:08 a.m. in the Dean Acheson Auditorium at the Department of State.

As a result of the recent Bipartisan Accord on Central America,[2] the United States is speaking with one voice on a matter of crucial importance to peace in Central America: bringing democracy to Nicaragua and peace to the region. And I want to salute our Secretary of State for hammering out this bipartisan accord when many, 2 or 3 months ago, said that it could not be done. Let me take this opportunity to make several observations on steps that are vital to peace, security, and democracy in Central America.

First, Nicaragua's effort to export violent revolution must stop. We cannot tolerate Sandinista support—which continues today—for the insurgencies in El Salvador and Guatemala, and terrorism in Honduras as well. Peace in the region cannot coexist with attempts to undermine democracy.

And second, we call upon the Soviet Union to end Soviet-bloc support for the Nicaraguan assault on regional democracy.[3] The United States ended military aid to the Nicaraguan resistance 2 years ago. And yet, since that time, the Soviets continue to funnel about a half a billion dollars worth of military assistance a year to the Sandinista regime, about the same rate as before we stopped our military aid to the *contras*. And furthermore, Cuba and Nicaragua, supplied by $7 billion in Soviet-bloc aid, have stepped up the arms flow to the Salvadoran guerrillas. Soviet-bloc weapons, such as AK–47's, are now being sent through Cuba and Nicaragua to the guerrillas; and that aid must stop. The Soviet Union must understand that we hold it accountable for the consequences of this intervention and for progress toward peace in the region and democracy in Nicaragua. As the bipartisan accord makes clear, continued Soviet support of violence and subversion in Central America is in direct violation of the Esquipulas agreement,[4] concluded by the nations of Central America a year and a half ago.

Finally, within Nicaragua, we want to see a promise kept: the promise of democracy, withheld by the Sandinista regime for nearly a decade. To this end, the United States will continue to supply humanitarian aid to the Nicaraguan resistance through the elections scheduled in Nicaragua for February of 1990. The conduct and the outcome of those elections will demonstrate to Nicaragua's neighbors and the international community whether it means to deliver on democracy.

But the Sandinistas' recent attacks are ominous. April 25th was the benchmark date for Nicaragua to have in place electoral laws consistent with free and fair elections. Instead, restrictive new election and press laws have been pushed through the Sandinista-controlled legislature. These laws have been unilaterally imposed, and the proposals of Nicaragua's opposition parties have been ignored. The result is a stacked deck against the opposition and stacked rules of the game.

The election law mandates unilaterally that half of all foreign political contributions go to the Supreme Electoral Council, which remains under Sandinista control, and ignores proposals put forward by the opposition to provide for unlimited freedom of access for international election observers. In effect, that is a stacked deck against freedom. The new law governing press conduct gives excessive controls to the Interior Ministry to police violations against what they call national integrity and continues the prohibition of private-sector ownership of television stations.

If there's to be peace in Nicaragua, the Sandinista regime must work with the opposition, including the resistance, to put in place election and press laws that are truly free and fair. And that means to have free and fair elections with outside observers given unfettered access to all election places and to all proceedings. It means a secret ballot on election day, the freedom to campaign, to organize, to hold rallies to poll public opinion, to operate independent radio and TV stations as well. It means the absence of intimidation either from a politicized Sandinista military or police, or from those neighborhood block committees that control people's ration cards. It means an end to the arrests and bullying of opposition leaders. It means freeing all political prisoners jailed under the Sandinista rule, not just a handful of former Somoza soldiers. And if the Sandinistas fail this test, it will be a tragic setback and a dangerous one. The consolidation of tyranny

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[2] Document 447.

[3] See Document 451.

[4] Reference is to Procedures for Establishing a Firm and Lasting Peace in Central America, signed by Presidents of the five Central American Governments at Guatemala City, August 7, 1987; see *American Foreign Policy: Current Documents, 1987*, pp. 749–753.

Document 434

will not be peace, it will be a crisis waiting to happen.

I want to mention several other Latin American nations where elections can signal positive change. In El Salvador, last month's free and fair elections proved another ringing affirmation of that nation's commitment to democracy. We expect ARENA to exercise its political power responsibly. And I have conveyed personally to President-elect Cristiani our commitment to human rights in El Salvador. I honestly feel that he shares my concern, and he deserves our support.

In Paraguay—the only country whose dictator had held power longer than Fidel Castro—elections have just taken place—the first hopeful sign that Paraguay is on its way to joining the democratic mainstream. And we do congratulate President-elect Rodriguez on his electoral victory and look forward to working with him.[5] This democratic opening must continue.

In Panama, however—Jim spoke to you all about this yesterday—the forecast for freedom is less clear.[6] A free and fair vote in the elections scheduled for this Sunday would enable Panama to take a signficant step toward ending the international isolation and internal economic crisis brought on by the Noriega regime. And in spite of intimidation from authorities, Panama's opposition parties have, with great courage, taken their campaign to the Panamanian people. The Noriega regime's candidates are trailing in poll after poll by margins of two to one. Unfortunately, as Secretary Baker told you yesterday, it is evident that the regime is ready to resort to massive election fraud in order to remain in power. The Noriega regime continues to threaten and intimidate Panamanians who believe in democracy. It's also attempting to limit the presence and freedom of action of international observers and to prevent journalists from reporting on the election process in Panama.

Let me be clear: The United States will not recognize the results of a fraudulent election engineered simply to keep Noriega in power. All nations that value democracy—that understand free and fair elections are the very heart of the democratic system—should speak out against election fraud in Panama. And that means the democracies of Europe—they ought to be speaking out about this as well as nations in this hemisphere struggling to preserve the democratic system they've fought so hard to put in place.

It is time for plain truth: The day of the dictator is over. The people's right to democracy must not be denied.

A commitment to democracy is only one element in the new partnership that I envision for the nations of Americas. This new partnership must also aim at ensuring that the market economies survive and prosper and prevail. The principles of economic freedom have not been applied as fully as the principle of democracy. While the poverty of statism and protectionism is more evident than ever, statist economies remain in place, stifling growth in many Latin nations. And that is why the United States has made a new initiative to reduce the weight of the debt,[7] as Latin governments and leaders take the difficult steps to restructure their economies.

Economic growth requires policies that create a climate for investment—one that will attract new capital, one that will reverse the flight of capital out of the region. We welcome the broad, broad international support that has been expressed for our ideas to strengthen the debt strategy. We urge the parties involved—the international financial institutions, debtor countries, commercial banks—to make a sustained effort to move this process forward. We recognize the competing claims debtor governments must try to satisfy as they work to advance economic reform, service their debt, and respond to the needs of their citizens. However, we also understand that progress can be an incremental process, case-by-case, step-by-step, provided there is a clear commitment to economic reform. I want to see some case-by-case successes in this hemisphere. To that end, we've started discussions, as you know, with Mexico and Venezuela and other countries as well.[8]

Finally, our common partnership must confront a common enemy: international drug traffickers. Drugs threaten citizens and civil society throughout our hemisphere. Joining forces in the war on drugs is crucial. There is nothing gained by trying to lay blame and make recriminations. Drug abuse is a problem of both supply and demand. And attacking both is the only way we can face and defeat the drug menace. I believe that there is much more understanding on this point in this hemisphere south of our border than there used to be. It is my view that countries to the south felt for many years that this was simply the problem of a U.S. market for this insidious product. Now, they see that their own sense of order is being undermined by those trafficking in narcotics. So, I would call for much more cooperation between the countries in this hemisphere to combat the menace of narcotics.

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[5] See Document 495.

[6] Reference is to Secretary Baker's address before the conference, and question-and-answer session, on May 1; for text, see Department of State *Bulletin*, June 1989, pp. 5–8.

[7] See Document 33.

[8] See Document 439, footnote 5; Document 440, footnote 8; and Document 497.

There's a place in this new partnership for all of you in the Council of the Americas. Thomas Paine said that "The prosperity of any commercial nation is regulated by the prosperity of the rest." Your efforts do contribute. They contribute directly to the greater prosperity of all of the nations of the Americas. The challenge I've spoken of today won't be easy. But all of us—north and south, in government and in the private sector—can work together to meet the challenges and master them. We know we've got a lot of work to do—work that won't wait—to ensure that all the Americas enjoy the peace, the freedom, and the prosperity that we cherish.

Thank you for what you're doing. Redouble your efforts. And I promise you, we'll do our level best in the executive branch of this government. Thank you very, very much.

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435. Seventh Replenishment Agreement of the Inter-American Development Bank

Statement by the Assistant Secretary of the Treasury for International Affairs (Mulford), May 10, 1989 (Extracts)[9]

Mr. Chairman and Members of the Committee, I appreciate the opportunity to appear before you today to discuss the Inter-American Development Bank. I am happy to report that after 3 years of negotiations, agreement has been reached on a proposal to increase the Bank's resources.[10] The agreements reached in the negotiations will help accelerate the transformation and revitalization of the IDB already begun by President Iglesias. We are now seeking your support for legislation to authorize U.S. participation in the resource increase.[11]

This administration is acutely aware of the problems in Latin America and of the region's significant commercial, cultural, and strategic ties to the United States. The administration has acted quickly to come to the aid of beleaguered Latin American nations; by reshaping the debt strategy and now by reaching agreement on a replenishment of the IDB. A strengthened and reorganized Inter-American Development Bank can provide much needed funding and leadership in helping restore sustained growth in the countries of Latin America and the Caribbean.

Latin American countries continue to face serious economic and financial problems. In the 1970's Latin America relied too heavily on external borrowing. Although some countries achieved significant growth in this period, many did not make effective use of the borrowed resources. Without a broad economic base, and with heavily managed economies, these countries were not prepared to adjust to the adverse developments of the early 1980's.

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[9] Source: *Treasury News*, Department of the Treasury, May 10, 1989. Mulford made this statement before the Subcommittee on International Economic Policy, Trade, Oceans and Enviroment, of the Senate Committee on Foreign Relations. Chairman of the subcommittee, Paul S. Sarbanes, presided over the session.

[10] For text of the agreement, see Proposal for the Seventh General Increase in the Resources of the Inter-American Development Bank, Report to the Board of Governors, May 1989 (Inter-American Development Bank Documents AB-1378, forwarded May 23, and AB-1378-1 (correction), September 11, 1989).

[11] Title II of the International Development and Finance Act of 1989, P.L. 101-240, approved December 19, 1989, authorized appropriations for U.S. participation in the agreement; 103 Stat. 2496.

Many Latin American countries now realize they need to adopt appropriate policies that will enable their economies to function efficiently and to produce growth and better lives for their people. Particularly since 1985, several countries have implemented important structural reforms with the help of the international financial institutions. These countries have privatized government-owned industries, liberalized their trade regimes, reformed tax systems, and pursued market-oriented pricing.

However, much remains to be done to help Latin American economies function efficiently and effectively—and in the best interest of Latin Americans themselves. The reforms should be implemented consistently: realistic exchange rates must be maintained and public sector deficits must be further reduced. In addition, attention needs to be focused on other areas, particularly measures to attract new investment and encourage the return of flight capital.

Some countries have made a good beginning. Others must strengthen their efforts or even make a fresh start. The IDB can play a critical role in working with these countries to initiate major policy reforms.

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The Seventh Replenishment (IDB–7) Agreement which was reached during the IDB's annual meeting in March, marks the key implementation phase of the IDB's reform efforts. Funds to make the new IDB a more effective contributor to solving Latin America's problems can now be injected into the Bank as the reform efforts move forward. Governors proposed increases of $26.5 billion in the IDB's capital and $200 million in the Fund for Special Operations (FSO). These increases will finance $22.5 billion of lending over the 4-year period 1990 to 1993. This will be a significant increase in lending—about double actual Sixth Replenishment (IDB–6) levels. While up to 65 percent of IDB–7 lending could go to the most advanced Latin American countries, 35 percent will be reserved for the smaller countries of Latin America and the Caribbean. All the concessional FSO lending will go to the poorest countries.

The U.S. share of the capital increase is $9.2 billion of which 2.5 percent or $229.3 million will be paid-in. Our share of the FSO replenishment is $82.3 million. The United States would thus be providing 34.7 percent of the capital increase and 41.2 percent of the FSO replenishment. Our payment for paid-in capital subscriptions and FSO contributions under IDB–7 would require $78 million of budget authority annually compared to $131 million under IDB–6.

The IDB–7 replenishment agreement incorporates a number of significant decisions about Bank operations over the next few years that complement the actions already taken to improve the Bank. The IDB–7 agreement proposes:

—adopting a loan approval mechanism that will promote improved loan quality and give greater decisionmaking authority to nonborrowing countries;

—strengthening the country programming process to ensure that Bank lending will support policy reform and self-sustaining growth;

—providing up to 25 percent of IDB–7 lending for sector loans; and

—committing more staff and financial resources to strengthening the technical and institutional capabilities of countries in environmental management and conservation of natural resources.

I would like to elaborate further on the significant elements of the IDB–7 agreement and the complementary task force recommendations:[12]

Loan Approval Mechanism—The intent and design of the new loan approval mechanism is to foster a Board consensus in support of loans and thereby improve loan quality. The mechanism allows for a delay of up to 12 months in the consideration by the Board of Directors of a loan from capital resources (the United States has a veto over FSO loans). Within specified limits, the President of the IDB could reduce this delay period to 7 months. The delay periods will be used by Bank management to remedy those problems that prompted objections to the loan so that it can be supported by the entire Board of Directors.

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[12] In March 1988, President of the Inter-American Development Bank Enrique V. Iglesias launched task forces on programming, operations, and administration and personnel to examine the Bank's policies, practices, and structure.

Country Programming—A strengthened country programming process is a critical element in improving the quality of IDB lending. The country programming process and the Bank's policy dialog with each country will result in a coherent and comprehensive framework for Bank operations. As outlined in the replenishment agreement, the IDB will analyze potential investment areas in each country in light of the adequacy of macroeconomic and sectoral policies. Therefore, the Bank's entire lending program, project as well as policy-based loans, will support needed policy reforms. In addition, the task forces recommend ways to reorganize operating departments to implement effective country programming.

Sector Lending—During the IDB–7 period the Bank will begin a program of sector lending. Fast-disbursing, policy-based lending is new to the IDB. They will not undertake broad-based structural adjustment lending but will focus instead on loans aimed at improving the economic efficiency of specific sectors, such as agriculture. For at least the first 2 years of the replenishment, all sector loans will be cofinanced with the World Bank.

Environment—In addition to committing more resources to environmental management and establishing a senior line unit to strengthen its own environmental assessment capabilities, the task forces recommended that the Bank improve its environmental action through other means as well. These include enhancing Bank relations with nongovernmental organizations, improving its dissemination and collection of environmental information and hiring a core group of environmentalists to support technical staff.

Lower-income Beneficiaries—As in its last two replenishments, the Bank will seek in the seventh replenishment to ensure that 50 percent of its lending program benefits lower income groups. This includes sector lending where it is not always possible to precisely ascertain the effect of a loan on various groups. Nevertheless, the Bank will undertake to ensure that low-income persons benefit from sector loans and that potential adverse effects are minimized.

A strengthened and reformed IDB will be in a position to make its contribution to helping resolve the economic and social problems facing Latin America. As far as the debt problem is concerned, the IDB's role at this point will be to encourage its borrowers to adopt policies that improve economic performance, stimulate new foreign investment, increase domestic savings, and encourage the repatriation of flight capital. Private sector initiatives and the development of market-based economics should be emphasized.

The member countries of the IDB have charted a course for the Bank over the 5 years. It is now time to act to implement the IDB–7 agreement and the recommendations of the IDB's task forces. We will be following this closely as the pace of our subscriptions could be affected by the pace and effectiveness of their implementation.

We must get the new Bank up and operating. This will not be an easy task. It will require that all members work cooperatively and enthusiastically with President Iglesias and Bank managment.

For our part we can support the Bank by formally agreeing to the capital increase and the replenishment of the Fund for Special Operations. Neither can go into effect without our agreement which requires prior congressional authorization. We will submit the necessary legislation to Congress shortly.

We are seeking authorization legislation this year although subscription and contribution payments for IDB–7 are not due until October 1990 (U.S. FY 1991 budget). The primary reason for doing so is to demonstrate the U.S. commitment to the IDB and our support for the increase in the Bank's resources. In addition, our early agreement to the replenishment will allow other members to begin their approval processes and will facilitate the implementation of the IDB–7 agreement from January 1990.

I would urge you to act promptly to adopt the legislation to authorize U.S. participation in the increase in the capital of the IDB and the replenishment of the Fund for Special Operations.

Document 435

436. Foreign Aid Request for Latin America and the Caribbean

Prepared Statement by the Assistant Secretary of State for Inter-American Affairs (Aronson), June 23, 1989 (Extracts)[13]

Mr. Chairman, I appreciate this opportunity to discuss our policy in Latin America and the Caribbean and our request for security assistance resources to support that policy.

The policy agenda of this administration is centered on the belief that we must reach out to leaders and governments of Latin America and the Caribbean to build with them through cooperation and consultation a new partnership for the Americas, a partnership based on mutual respect and mutual responsibility.

We are keenly aware that many obstacles hamper the development of an environment in which democratic governments can prosper and prevail.

—Drug traffickers are better armed and organized than ever; their illegal operations net an estimated $8 billion annually. The area planted in drug crops grows by some 10 percent a year.

—The region's foreign debt has risen to over $400 billion, up from $330 billion when the regionwide economic shocks were experienced in 1982. A market naturally oriented toward the United States but burdened with debt is less able to pay for exports of American farms and factories.

—Environmental losses from burning away the Amazon rain forest last year are reported to add up to 80,000 square miles (larger than the combined area of Denmark, Belgium, Austria, and Switzerland).

—Despite important new peace initiatives, political extremism, terrorism, and armed conflicts persist in Central America.

—Armed conflict and criminal violence are common in some Latin American countries. Murder is the leading cause of death for male adults (age 18–40) in Colombia, where the government estimates some 140 private groups engage in murder.

—Inequities in income distribution and widespread poverty also jeopardize democracy. These problems have long plagued the region but have been exacerbated by low growth rates. Per capita income in Latin America and the Caribbean has declined almost 7 percent in the period 1981–88 in stark contrast to the 1960's and 1970's when per capita income was growing 3 to 3.5 percent a year.

Still, there are reasons for optimism:

—First, if democracy can be sustained, the stability and predictability so generated will have positive effects on economic performance at least as large as those already beginning to take place with regard to human rights and political participation.

—Second, the hemisphere is developing new models of economic—as well as democratic—success as farsighted leaders from Colombia to Costa Rica institute far-reaching economic reforms.

—Third, the United States and Latin America are developing a new ability to cooperate on the basis of shared responsibility and a new partnership for progress.

This administration intends to join our Latin American and Caribbean neighbors to advance our mutual interests in a spirit of true hemispheric cooperation. Our goal is to create an environment where democracy and prosperity reign. We recognize that such a climate is unrealistic as long as our allies in the region are not able to provide for both their own security and the basic economic needs of their people.

The March 1989 Bipartisan accord between the administration and the leaders of both parties in the Congress is focused on Central America but can contribute to peace and democracy in the region as a whole. The accord commits us to work with Latin America's democratic leaders to translate the bright promise of the Esquipulas and Tesoro Beach agreements[14] into concrete realities on the ground. The accord unites us to help ensure that the promises of Esquipulas for democracy, peace, and security are not only kept but verified and that the Nicaraguan people's right to be free is ensured.

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[13] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for Fiscal Year 1990: Hearings Before a Subcommittee of the Committee on Appropriations, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), Part 1, pp. 969–974 and 975–1001. Aronson testified before the Subcommittee on Foreign Operations. Chairman of the subcommittee, Patrick J. Leahy, presided over the session.

[14] See Document 443.

Bipartisan executive–legislative cooperation should not, of course, be limited to Central America. The President and Secretary of State will continue to consult with Congress and will increasingly seek out the leaders of Latin America, through the OAS and elsewhere, as they design and implement policies in the hemisphere as a whole. As Secretary Baker put it in Atlanta:

> "If we are together engaged in a joint venture North and South to advance and defend democracy, then we each must do our part—collectively where possible—to create new mechanisms and strengthen existing ones to defend human rights, to guarantee the integrity of elections, and to establish sanctions against those who threaten democratically-elected governments through violence or through coups."[15]

However, in relation to the magnitude of these challenges and their importance to our interests, U.S. assistance for Latin America and the Caribbean is very modest. Like many elements of our Federal budget, foreign assistance levels are squeezed.

In FY 1988, the bilateral assistance budget for Latin America and the Caribbean was the lowest since 1983. It included $1.2 billion in bilateral economic aid for development assistance, economic support funds (ESF), P.L. 480,[16] and narcotics control activities—and $143.9 million in military aid—including international military education and training (IMET) and military assistance program (MAP) funds. Total economic and military assistance for Latin America in 1988 was $1.345 billion—10.09 percent of the worldwide assistance total.

In FY 1989, available resources increased slightly: estimated obligations at this time amount to $1.259 billion in economic and $164.9 million in military assistance for a total of $1.423 billion—10.95 percent of worldwide funding. Even so, increased earmarking required the complete elimination of military or economic support programs in several countries.

For FY 1990, we are requesting $1.204 billion in economic aid and $230.0 million for military aid, totaling $1.434 billion, or 9.76 percent of requested worldwide assistance.

To help you evaluate our FY 1990 requests, I would like to review major political and economic trends affecting U.S. interests in the region, consider the fundamental principles (support of democracy, the war against illegal narcotics, and the search for peace, security, and development) that underlie our foreign assistance requests in the region and, finally, focus on the need for improved multinational cooperation and on a number of specific cases where our approach is evolving either in response to changed circumstances or new opportunities.

Political Trends

The democratic transitions of the past decade in Latin America and the Caribbean have been dramatic. While these transitions have been the product of the political will of the people in each country, the constant strong bipartisan support of the United States has been an important contributing factor.

Through the joint efforts of the Executive and the Congress, our message has been clear and constant:

—We support democratic forces against repression or threats from those who would undermine electoral processes.

—We will not acquiesce in military takeovers of democratically-elected governments.

—We will support democratic governments threatened by insurgencies and will insist on respect for human rights.

The strength of this message has been its constancy. We send the same message to our friends and to our adversaries.

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[15] For text of Secretary Baker's address before the Carter Presidential Center's Consultation on a New Hemispheric Agenda, March 30, 1989, see *Current Policy* No. 1160, Bureau of Public Affairs, Department of State, April 1989.

[16] For text of the Agricultural Trade Development and Assistance Act, P.L. 83–480, approved July 10, 1954, as amended, which provides for the donation or sale of U.S. agricultural surpluses to friendly governments, see 7 U.S.C. 1691, *et seq.*

The democratic institutions emerging in the region are still frequently strained by economic crises that erode support for democracy. The transition from authoritarian to democratic rule generated heightened expectations of improved economic as well as political conditions. Democratic leaders have been caught between the proverbial rock-and-a-hard-place as they have sought to adopt reponsible, growth-oriented policy reforms. Some have achieved notable successes, as in Colombia, Uruguay, Chile, and Costa Rica. But all too often the results have ranged from failure to adopt essential reform—thus prolonging the economic misery—to inadequately supported attempts to adopt the necessary reforms—thus provoking a popular backlash against the reformers. The uneven results have raised doubts about the generally moderate policies of the first generation of democratic leaders.

Several of the democratic governments of the region face active or potential challenges from insurgents, criminals, or other armed groups. Such conditions further constrain their ability to undertake democratic reforms or to fully institutionalize civilian control over the military.

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Under these circumstances, unwavering U.S. and international support for democratic civilian government is critical, both to avoid potential reversals of the democratic gains already in place and to promote further progress. The security and economic assistance programs proposed for FY 1990 are an integral part of that support.

Economic Trends

After growing rapidly in the 1960's and 1970's, Latin America has experienced painfully low economic growth during this decade: between 1980 and 1983 gross domestic product fell by 1.0 percent annually in real terms, then rose by 3.4 percent annually between 1983 and 1987 before slipping to a growth rate of less than 1 percent in 1988.

Inappropriate economic policies have been the main cause of this poor economic performance. Despite some progress, statist, inward-looking policies have lowered investor confidence at home and abroad. Domestic savings and investment have dried up, and capital flight exceeds commercial bank debt in some countries. Growth has also been hindered by continued low prices for many key exports and the region's heavy external debt burden—at year end 1988, $401 billion, over 40 percent of the total debt held by all developing countries.

U.S. debt strategy continues to be based on renewed growth, with increased commercial and official lending to give debtor countries support needed for politically difficult economic reforms, the essential condition for resuming growth. But commercial banks have reduced their exposure in the region, and debt service payments now exceed new lending. Reversing this negative net resource transfer is an essential ingredient of a strategy to bring sustainable growth to the region.

Low growth and heavy debt service burdens imperil fragile democracies in the region as key countries in the region conduct Presidential elections this year. Latin leaders, individually and collectively through the Group of Eight and other associations, have pushed for debt relief to give debtors more "breathing space" and support for essential economic reforms.

We will need to encourage all governments of the region to undertake economic policy reform more rapidly if there is to be any hope that they can grow and cope with their staggering debt burden. The ideas put forward by Treasury Secretary Brady on March 10 before the Bretton Woods Committee, and recently endorsed by the IMF and World Bank,[17] are designed to meet this need. By strengthening our debt strategy through an emphasis on debt and debt-service reduction as a complement to new lending, we believe that more effective external financial support can be mobilized behind debtor countries, efforts to reform their economies and achieve lasting growth.

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[17] Proposals by France, Japan, and the United States, particularly the suggestions by Secretary Brady, were considered at meetings of the Interim Committee of the Boards of Governors on the International Monetary System, April 3–4, and the Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund (Development Committee), April 4. The Ministers welcomed proposals to strengthen existing debt strategy and to place greater emphasis on debt and debt-service reduction; for texts of press communiqués issued after the meetings of the Interim Committee and the Development Committee, see *IMF Survey*, April 17, 1989, pp. 118–119 and 120–121, respectively.

The debt strategy which ultimately emerges after concrete implementation of the ideas put forward by Secretary Brady will have an important bearing on the ultimate economic success of the debtor countries. Just as important, however, is the need to keep the United States and other markets open. We can hardly press the Latins to open their economies and encourage export-led growth and then shut lucrative markets to them.

The most important element, however, of any economic recovery plan is the commitment of the countries themselves. Ultimately, economic and political reform cannot be imposed from outside; the benefits of such reforms must be seen by that government itself, and appreciated by the people, for these reforms to be undertaken and pursued in the long-term.

Support for Democracy

Over the past decade, the security of the United States and the security of all free countries of this hemisphere have benefited greatly from the trend toward democracy. Though further progress is required, respect for human rights is improving in the non-Marxist and nondictatorial states of Latin America. The marked reduction in the number of human rights abuses in recent years parallels the spread and consolidation of democracy: where democratic government has taken root, the human rights situation is changing for the better. Castro's Cuba presents a striking contrast with the hemispheric trend toward democracy—Cuba remains one of the hemisphere's worst human rights violators and rejects political and economic reform, despite its failing economy.

The democratic trend not only accords with our deepest values but also serves our national interest. We enjoy the most constructive long-term relationships with countries whose government is founded on the consent of the governed. Our ability to cooperate increases in direct proportion to the values and institutions on which we and our partners find we can agree.

U.S. security assistance plays an important role in this process by helping military institutions develop confidence in democratic systems and by increasing military loyalty to the civilian and constitutional authorities with whom we are cooperating.

Narcotics and Narcoterrorism

Economic difficulties are not the only challenge to regional democracy. Narcotics traffickers have the resources and often the will to undermine the stability and integrity of these governments. Terrorists, often in league with narcotics traffickers, prey on the poor of the region. The United States must work with other nations of the hemisphere to develop creative new ways to attack the powerful criminal organizations, enriched by the narcotics trade.

Narcotics trafficking based in the Andes seriously threatens the stability of the governments of the region and the well-being of families and neighborhoods across the United States. The President, Congress, and the public are rightfully demanding that we do much more.

The current, imaginative Colombian military campaign against combined Revolutionary Armed Forces of Colombia (FARC)/trafficker bases serves as a model for what we hope will guide efforts in other countries by 1990. We are recognizing these successes with increased military assistance to Colombia. From $3 million MAP in FY 1988, the level increased to $6 million in the current year, and we are requesting $20 million in MAP for FY 1990.

Peru and Bolivia may be able to apply useful lessons from Colombia's efforts. We are all in the antinarcotics fight together. The United States should be prepared to provide the resources, including training, material, and equipment, necessary for those countries to make an all-out commitment against the traffickers. Bolivia recently adopted sweeping antinarcotics legislation and exceeded its 1988 coca eradication targets. We are concerned, however, about the pace of Bolivia's 1989 eradication efforts. Peru, the world's largest coca cultivator, was able in 1988 to destroy over 5,000 hectares (12,000 acres) of coca. However, security concerns in the Upper Huallaga Valley have seriously impeded U.S. and Peruvian efforts there since February 1989. The Peruvian Government recently conducted a test of aerially-applied anticoca herbicides, and test results should be available in the near future.

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We need to consider how to support long-term economic development that helps governments of the region deal with these serious economic and social problems which invite the growth of domestic insurgencies and the continued illegal cultivation of coca. Creative economic ideas may allow us to achieve our antinarcotics objectives and create stability and economic growth in the region. For example, if resources permit, we should consider increasing the levels of development assistance and P.L. 480 food aid to Peru and Bolivia. By promoting alternative income opportunities in the agricultural sector and elsewhere, we may be able to convince peasant farmers to turn to alternative products.

In the Caribbean, small and ill-equipped police, military forces, and judiciaries face increasing numbers of traffickers with seemingly unlimited resources. Jamaica, the Bahamas, Haiti, and the Dominican Republic are significant transshipment points for narcotics from South America. Jamaica, itself a major producer of marijuana, has made major strides in eradication. Other non-Marxist Caribbean governments likewise cooperate fully with us in combating narcotics trafficking. Our operational cooperation with the Bahamas surpasses that with any other government. Our aid must help Caribbean governments increase the level and effectiveness of their antinarcotics activities.

Mexico remains the single largest source of heroin for the United States, the second largest source of marijuana, and a transit point for cocaine. President Carlos Salinas has made narcotics control a national priority. On April 8, Mexican authorities arrested narcotics kingpin Miguel Angel Felix Gallardo in Guadalajara, Mexico. Perhaps the most notorious drug trafficker in Mexico, he had been responsible for the shipment of large amounts of cocaine and marijuana to the United States. His capture and the related arrests of corrupt police officials demonstrate the seriousness with which the Salinas administration is addressing the drug problem in Mexico.

Mexico has expanded the scope of its opium and marijuana eradication programs and is taking steps to improve operational efficiency. We are prepared to cooperate with what we expect will be a steadily improving Mexican antinarcotics program. The U.S. and Mexican Attorneys General earlier this year had positive, constructive discussions on ways to improve bilateral law enforcement cooperation.

Development and Defense in Central America

The challenge facing the United States in Central America is to be consistent and effective in support of human rights, development, and the preservation of freedom.

Our efforts in Central America have moved forward dramatically. On March 24, we signed the Bipartisan accord between the Executive and Congress which provides the framework for our policy. In carrying forth the accord, we have conferred with the Presidents of Costa Rica, El Salvador, Guatemala, and Honduras, as well as Venezuelan President Carlos Andres Perez. All have strongly supported our approach, which in turn supports the goals of the Esquipulas peace plan and the Tesoro Beach agreement. We have also conferred with the Secretaries-General of the UN and OAS and indicated our support for their work to bring about democracy, peace, respect for human rights, and an end to subversion in Central America. We continue to work closely with the Central American democracies and to support their strong efforts to see Nicaragua fulfill its commitments to democratize and end its support for subversion.

We believe strongly that the Soviet Union has an obligation to act constructively toward Central America in accord with its professed new approach to regional conflicts. We have been in contact with the Soviet Government at the most senior levels to reiterate our view that the Soviet Union could greatly contribute to the achievement of peace and democracy in Central America. But as long as the Governments of Cuba and Nicaragua—both of which are major beneficiaries of Soviet assistance—continue to promote destabilization and guerrilla warfare in the region, U.S.-Soviet relations will necessarily be affected. We have noted the General Secretary's remarks in Cuba, renouncing support for the export of revolution. And we note the Soviet Union's declared support for the Esquipulas agreement which prohibits support to insurgent forces. We note the continued Soviet-bloc and Cuban support for the FMLN in El Salvador as shown by the recent discovery of a large cache of Soviet-design weapons and Cuban-manufactured ammunition in San Salvador last month.

We have welcomed the nonpartisan and multinational effort of the International Commission for Central American Recovery and Development (Sanford Commission)[18] to explore new policy options for economic recovery and development in Central America.

We welcome the Commission's recommendation that aid and other relations be based on compliance with Esquipulas, for we believe that any plan for the region as a whole requires that democracy and security become realities rather than promises. It is also important that the Commission recognize another form of conditionality—that based on economic performance.

We concur with the Commission's encouragement of market-based, export-led economic growth. Our assistance aims to support such growth. We believe, however, that the Commission's expectations for regional integration may be higher than warranted given fundamental, structural differences in the Central American economies. Moreover, its food security proposals lean to protectionism and its emphasis on regional integration could detract from the need to expand and diversify exports. All in all, however, the Commission has provided a thoughtful analysis and made a number of useful recommendations.

You will recall that the basic considerations underlying our own assistance policy toward Central America were formulated in 1983–84 by the National Bipartisan Commission on Central America (the Kissinger Commission).[19] The Kissinger Commission's bipartisan focus on democratization, human rights, economic stabilization, and structural transformation, and spreading the benefits of economic growth has been the organizing principle of U.S. policy ever since.

We were pleased to note that the recently released report of the House Foreign Affairs Committee's Task Force on Foreign Assistance[20] concluded that these original Kissinger Commission goals, supplemented by a clear commitment to environmental sustainability, should be our principal foreign assistance goals worldwide.

Our assistance is an important reason that most Central American countries are more democratic and respectful of human rights than they were 10 years ago. Democracy continues to be consolidated in El Salvador, Guatemala, and Honduras. In Costa Rica, honest fair elections continue a long tradition. Indeed, this year Costa Rica celebrates 100 years of democracy.

U.S. assistance also plays a critical role in helping the Central American democracies cushion the short-term economic pain which often precedes the longer-term economic gains realized through policy reform. In several instances, our aid has facilitated sound adjustment measures to establish the basis for self-sustaining growth. Growth in nontraditional exports also demonstrates that the region can have a sound economic future once the Esquipulas peace process succeeds in removing the obstacles created by political and physical insecurity.

The Costa Rican Case

Let me take a moment to provide some detail on a success story—how, through adopting economic policy reforms cushioned by our Economic Support Funds (ESF), one Central American country was able to reverse a severe economic decline.

In the early 1980's, Costa Rica was hit by a severe recession. The U.S. aid response was designed in part to help Costa Rica reform its economy and set it on the path to self-sustaining, long-term growth. Due to our support and the Costa Rican Government's own willingness to reform, progress has been impressive.

The Costa Rican Government has slashed its fiscal deficit from 13.7 percent of gross domestic product in 1981 to .06

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[18] Reference is to *Poverty, Conflict and Hope: A Turning Point in Central America: The Report of the International Commission for Central American Recovery and Development* (Duke University, Center for International Development Research, February 1989).

[19] Reference is to *Report of the National Bipartisan Commission on Central America* (Washington, 1984), which included a separate Appendix.

[20] Reference is to *Report of the Task Force on Foreign Assistance to the Committee on Foreign Affairs, U.S. House of Representatives*, One Hundred First Congress, First Session (Washington, February 1989), and *Background Materials on Foreign Assistance*, Report of the Task Force on Foreign Assistance to the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session (Washington, February 1989).

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percent in 1988, committed itself to privatization of state-owned companies, liberalized the banking and credit system, and maintained a realistic exchange rate. Inflation fell from 90 percent in 1982 to a more manageable 21 percent in 1988. Similarly, unemployment has come down from 9.5 percent in 1982 to 5.6 percent in 1988. Most impressive of all has been the phenomenal growth in nontraditional exports to countries outside Central America, which jumped from $128 million in 1983 to $471 million in 1988, an increase of 268 percent in just 5 years. A major reason for the rapid rise in nontraditional exports has been the Caribbean Basin Initiative (CBI) and related legislation.

As a result of its aid-assisted policy reforms, the Costa Rican economy in the last 6 years has been growing at an average annual rate of 4.3 percent compared with an average yearly decline of 2.9 percent during 1980–82. The reforms have also led to agreements with the International Monetary Fund (IMF) and the World Bank and will likely result in greater aid from other donors.

External debt is the Achilles' heel of the Costa Rican economy. Total external debt is $4.4 billion, one of the world's highest per capita level. Costa Rica is negotiating a debt reduction plan with its commercial banks within the Brady guidelines. We believe Costa Rica should be an early beneficiary of the new U.S. debt strategy.

Multinational Cooperation

Consultative Groups

For several years we have encouraged the World Bank and the IMF to establish consultative groups (CG) for countries in the Caribbean and Central America. The Caribbean Group for Cooperation in Economic Development (CGCED) has received our support. CGs were established in June 1988 for Costa Rica, in October 1988 for Honduras, and in March 1989 for Guatemala. The goals of a consultative group are: to encourage greater donor cooperation and coordination, to develop a better organized and more visible list of priority projects, and to review overall structural adjustment process and management of debt issues in the country. Looking at the one country, Costa Rica, for which we have more than a half-year experience, we are encouraged by preliminary results. These include:

—The completion of a second World Bank structural adjustment loan in December;

—Work on a possible new IMF standby to replace the one expiring early in March;

—The development of a list of priority projects for donor financing;

—Work on a transportation sector loan;

—Further discussion by the Bank Advisory Committee on ways to mitigate Costa Rica's debt burden, including consideration of the possible use of U.S. assistance to finance a Costa Rican buy-back of debt;

—An overall understanding not only by the World Bank, IMF, and the United States but also by Japan (which has promised funds to Costa Rica, Canada, and the European countries) to work from the same data and analytical framework.

The Organization of American States

The Organization of American States (OAS) can play a key role in ensuring successful cooperation in the hemisphere.

—Because both the United States and the Latin American and Caribbean countries belong, the OAS is the logical locus for debate on topics of importance to the hemisphere.

—On May 17, the OAS Foreign Ministers agreed to send a 3-person Commission of Foreign Ministers (assisted by the OAS Secretary General) with a mandate to arrange a democratic transfer of power in Panama. On June 6, the Commission's mandate was extended until July 19.[21] The United States strongly supports this multilateral action taken in an effort to support democracy in Panama.

Historically, the OAS has had a strong record of support for democracy, human rights, and the peaceful settlement of disputes. Recently, the OAS has become more active on human rights, drugs, and technical assistance. OAS Secretary General Baena Soarés was named co-verifier (along with Cardinal Obando y Bravo) of the Sapoa accords in Nicaragua.

The OAS has the potential to contribute to peace in Central America under the Esquipulas and Sapoa agreements.[22] The Tesoro Beach agreement explicitly asks for OAS and UN assistance in verifying both democratization in Nicaragua and the voluntary reintegration, repatriation, or relocation of Nicaraguan Resistance forces. OAS Secretary General Baena Soarês is working to have observers in Nicaragua throughout the elections process. The OAS Human Rights Commission had a significant role in the recent release of some 1,800 former national guard members held prisoner in Nicaragua and has recently highlighted the human rights abuses that took place in Panama in connection with the elections which were later annulled by General Noriega.

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[21] See Document 468, footnote 7.

The OAS will be able to exert its positive regional influence, however, only if the United States and other OAS members provide the necessary support and allow it to be effective by giving it the attention and financial resources it needs.

The Caribbean Basin Initiative

A constructive and bipartisan policy, the Caribbean Basin Initiative (CBI),[23] supports political stability in the Caribbean Basin by helping countries raise their foreign exchange earnings, diversify their economies, and employ their people. The CBI has spurred economic diversification in the region by providing the opportunity to increase exports of nontraditional goods such as apparel, seafood, and winter produce. In the first 5 years of the CBI, nontraditional exports to the United States grew over 70 percent in real terms to over $3.5 billion. In 1988, for the first time, the region's nontraditional exports to the United States were larger than the traditional ones, such as sugar and coffee, although the high U.S. content of many nontraditional exports means the net foreign exchange earnings from traditional exports may still be larger.

The CBI does not guarantee economic growth and greater exports; it enhances the conditions and incentives for growth. Some countries in the region have done particularly well in using the CBI. Since the CBI began, Jamaica's nontraditional exports to the United States have increased by 147 percent, Cost Rica's by 254 percent, the Dominican Republic's by 195 percent. At the same time, lower oil prices and tighter sugar quotas have meant that total exports to the United States have declined some 30 percent since the CBI began.

The original CBI does, however, have some shortcomings. For example, some products important to the region are excluded from duty-free treatment. We strongly endorse efforts underway in Congress to enhance the CBI. We want to continue to work closely with the Congress on such legislation, including the bill by Representative Sam Gibbons and Representative George Crockett.[24]

Special Situations and Opportunities

The Argentine Military Aid Program

We have supported military professionalism in Argentina while making clear to all concerned, including the Argentine Armed Forces, that our cooperation depends on military respect for constitutional civilian leadership and a commitment to support democratic institutions. Argentina faces the greatest economic crisis of its history and is approaching an important political transition, yet there is no apparent inclination among the populace or within the armed forces to respond by imposing a military government, a phenomenon which has often occurred during similar circumstances in the past.

Over the past several years, at the request of President Alfonsin, we have developed a careful, modest program of defense cooperation. All aspects are coordinated through Argentina's civilian-run Ministry of Defense. Initially, we concentrated on exchanges and training to help the Argentine Government reorient the military from politics toward professional concerns.

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[22] For text of the Cease-Fire Agreement Between the Nicaraguan Democratic Resistance and the Government of Nicaragua at Sapoa, Nicaragua, March 23, 1988, see *American Foreign Policy: Current Documents, 1988*, pp. 737–739.

[23] For text of President Reagan's address before the Organization of American States announcing the Caribbean Basin Initiative, February 4, 1982, see *ibid., 1982*, pp. 1381–1387. It was supported by the Caribbean Basin Economic Recovery Act, Title II, of P.L. 98-67, approved August 5, 1983; 97 Stat. 384.

[24] Reference is to the Caribbean Basin Economic Recovery Expansion Act of 1989, H.R. 1233, One Hundred First Congress, First Session, a bill which was reported amended by the House Ways and Means Committee, July 12, 1989, for consideration by the House of Representatives. It awaited further House action as of the adjournment of the First Session of the One Hundred First Congress on November 22, 1989.

This first phase of our plan to improve military relations worked well, although the Government of Argentina has been constrained by budget limitations in its ability to make military equipment purchases. To demonstrate our continuing interest in supporting civilian leaders, desire to facilitate the professional development of the Argentine military, we have proposed an FMSF (foreign military sales financing) grant program of $2 million in the FY 1990 budget. This program was developed in full cooperation with Argentina's civilian Ministry of Defense and the military services. An initial goal of this program was to help the Argentine Army undertake the long-delayed $13 million refurbishment of its U.S.-made transport helicopters and armored personnel carriers. It will fulfill important and legitimate army needs with a relatively modest investment and do so without threatening regional stability. President Alfonsin personally sought our support for this refurbishment program.

Haiti

Our policy in Haiti has been to encourage transition to an elected-civilian government, respect for human rights, credible development programs, and cooperation on narcotics matters. As Deputy Assistant Secretary Richard Melton noted in his testimony before the House Subcommittee on Western Hemisphere Affairs on March 14,[25] we are encouraged by the progress the Avril government has made on this agenda since assuming power in September 1988.

—President Avril surmounted the early April coup attempt which followed his removal of four officers for alleged corruption and involvement in the drug trade. Although the Government of Haiti had to resort to force to quell the coup, we believe that General Avril is gaining increasing support for his commitment to reform.

—During the turbulence surrounding the attempted coup, the majority of the members of the independent Provisional Election Council was sworn in; all have now been invested. The Avril government has spoken out in favor of their efforts and approved the Council's provisional budget request.

—Human rights abuses continue in Haiti, but the government has made progress in stemming the cycle of political violence that has plagued Haiti since the fall of the Duvalier regime in February 1986.

—On narcotics matters, the Government of Haiti has taken vigorous actions against traffickers in that country and has cooperated fully with U.S. authorities.

—Progress on the economic front has been less noteworthy, but the Government of Haiti is operating under severely restrictive financial constraints.

Much more remains to be done, and we want to encourage these favorable trends. As Ambassador Melton noted in his March 14 testimony, we are developing our proposal for a $12 million monetized P.L. 480, Title II, program with the Government of Haiti and intend to put special emphasis on job creation programs in our negotiations with that government on how the proceeds of this program are to be utilized. We will continue to work closely with the Congress on our response to this evolving situation.

Guyana

The Government of Guyana, during the past 3 years, has strengthened friendly relations with the United States and other Western countries. It has also initiated several market-oriented economic reforms. We believe it is in our interest to encourage these developments.

The United States has provided food under P.L. 480 totaling almost $20 million since fiscal year 1986. The Government of Guyana has negotiated a plan with the IMF and others to clear longstanding arrears to multilateral institutions and to reschedule obligations to the United States and other bilateral donors. Implementation of the plan is contingent upon a substantial influx of foreign assistance. We continue to explore appropriate ways in which the U.S. Government can participate once Guyana pays its arrears. If this program comes together as we hope it will, we anticipate providing a small amount of ESF to the Government of Guyana as our contribution to this multinational effort.

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[25] For text of Ambassador Melton's testimony and prepared statement, see *The Future of United States Assistance to Haiti: Hearing Before the Subcommittee on Western Hemisphere Affairs of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), pp. 5–28.

Human Rights in El Salvador

During the recent elections in El Salvador, we witnessed again the determination of ordinary people to vote to choose their leaders even when they had to risk their lives to cast their ballots.

President Cristiani, in his recent visit to the United States, told the Congress and the administration of his commitment to human rights observance and follow-up by his government and the Salvadoran Armed Forces. Cristiani demonstrated his dedication to these goals when he moved decisively in early April to help counter a release order for suspects in the infamous kidnapping case. Cristiani's positive, personal involvement in this case helped avoid a major judicial setback.

All credible human rights organizations in El Salvador, including the Catholic Church's *Tutela Legal*, agree that politically-motivated violence has diminished significantly over the past decade. The number of politically-motivated deaths reported in the Salvadoran press averaged 20 per month during 1988. This compares with a monthly average of 23 in 1987, 22 in 1986, 28 in 1985, 64 in 1984, 140 in 1983, 219 in 1982, 444 in 1981, and 750 in 1980. Still, citation of this trend should not be taken to mean that this administration is satisfied with the current level of deaths. We are not. We will not be satisfied until there are none.

Despite this sustained improvement, progress in bringing to justice the perpetrators of some of El Salvador's major human rights cases has not kept pace. Our assistance is in part geared to supporting the government's efforts to transform an archaic and inefficient judicial system into one in which the same standard of law is equally available and applicable to all. This will require a sustained effort over a long period of time, working with police, prosecutors, judges, and the Salvadoran Legislative Assembly, which is constitutionally charged with reviewing and changing existing laws.

In recent times, we have witnessed some disturbing events, such as the September 1988 killings near San Sebastian, El Salvador. In his early February trip to El Salvador, Vice President Quayle indicated to the Salvadorans that we expect a better human rights performance and that we intend to watch the situation closely. In March, a Salvadoran Armed Forces honor board, formed to investigate the San Sebastian killings, found culpability on the part of 9 Salvadoran military personnel, including 2 officers. The 9 were dismissed from the army and are presently awaiting trial in civilian courts.

Our economic and security assistance is designed to support this transformation. The judicial reform project facilitates long-overdue changes in the handling of criminal cases, court administration, and a variety of other areas of law. Economic assistance is designed to shore up the economy while the Salvadoran people continue their resistance against violent opposition to democracy. Our military assistance supports efforts to better professionalize military forces, including their embrace of respect for human rights in a framework of loyalty to constitutional civil authority.

Chile

Chile is on track for its December 14, 1989, general elections, the first to be held in 19 years. As in the 1988 plebiscite, the United States will continue to urge the Government of Chile to assure that open and clean elections are conducted in an atmosphere conducive to democratic decisionmaking. The successful October 5, 1988, plebiscite is a source of intense national pride to all sectors of Chilean society because it was seen as a strong reaffirmation of their democratic vocation. The armed forces are particularly proud of having presided over an honest vote. We in the Executive and you in the Congress will both be watching upcoming developments closely.

Administration of Justice

Throughout Latin America, justice systems are starved for resources, both human and material. All too often these systems present an obstacle to—rather than a foundation for—effective democracy. By focusing on assistance to the administration of justice, we hope to reinforce the institutional capacity for democracy.

For example, after an elected government took office in Guatemala in 1986, administration-of-justice projects have provided training for judges and police investigators as well as technical assistance for legal library and data base development and analysis.

Separate projects administered respectively by the Latin American Institute for the Prevention of Crime and Treatment of Offenders (ILANUD), a UN affiliate in San Jose, and by Harvard Law School, have enabled the Guatemalan judiciary to embark on a multiyear project targeting specific problems, such as the need for administrative reorganization, improving access to legal information, and improving the handling of criminal cases.

At the time, the International Criminal Investigative Training Assistance Program (ICITAP) of the U.S. Department of Justice has operated in Guatemala under policy guidance from the Department of State. ICITAP began by training police investigators in modern investigative techniques but, at the request of the Guatemalan Supreme Court, soon began offering similar training at a less technical level to judges, who under Guatemalan legal procedure have responsibility for directing investigations.

ICITAP training has already been credited with successful resolution of a number of highly-publicized cases in Guatemala, among them the kidnap-murder of two University of San Carlos students by Quetzaltenango police officers in November 1987 and the murder of three Chinese in June 1987. ICITAP has also assisted the National Police with the establishment of an Office of Professional Responsibility to investigate allegations of unprofessional conduct by officers. At the present time, the office is screening approximately 50 cases per month, with 20–30 of them referred to the civilian courts for handling.

Paraguay

General Andres Rodriguez has promised to bring democracy and respect for human rights to Paraguay since the day in early February when he deposed long-time strongman Alfredo Stroessner. As provisional president for 3 months, Andres Rodriguez began the transition with some positive actions: presidential and congressional candidates were allowed to campaign freely; restrictions on the media and political activity were relaxed, thus improving the human rights atmosphere; the multiple exchange rate system was eliminated, giving economic fair play a boost; and governmental support was given to our marijuana spraying program. These actions and promises of additional reforms helped Rodriguez win the presidency with over 70 percent of the vote in a basically honest election on May 1.

Nonetheless, establishing the pluralistic institutions required to sustain democracy in Paraguay poses difficult long-term challenges since that country has no democratic tradition. The elections on May 1 were but the first step. Prospects for real and enduring change must be tested over time. We look forward to working together with other nations interested in the welfare of democracy to encourage a successful transition in Paraguay. In this regard, we also wish to work together with the Congress in order to help Paraguay turn its promise into reality.

Panama

Panama, a longstanding ally and friend of the United States, is almost 2 years into a prolonged political crisis. This crisis has its roots in 20 years of military domination of Panamanian political life. It is important to recall that the origin of the current crisis is not based on actions of the United States. Rather the crisis is the result of the reaction of a broad spectrum of the Panamanian people to the accusations of assassination, drug trafficking, and corruption leveled against Noriega.

In the course of the crisis, the United States has taken a series of measures to demonstrate our solidarity with the efforts of the Panamanian people to oppose what was in effect a thinly disguised military coup by General Noriega last year.

The administration remains firmly committed to the restoration of a genuine civilian democracy in Panama. The May 7 presidential and legislative elections demonstrated the desire of the Panamanian people to find a political solution to the crisis and their strong rejection of the Noriega regime and its domination of the country's political life. Events in Panama since the overwhelming electoral victory of the opposition have been characterized by continued disregard by the Noriega regime of basic political freedoms, the suppression by force of freedom of expression, and the intimidation of political opponents.

This political repudiation which the regime suffered at the polls has been compounded by international repudiation of the regime's conduct and its increasing international isolation. The Organization of American States, in an historic decision of the Ministers of Foreign Affairs on May 17, reached a consensus which denounced Noriega and dispatched a three-member mission to Panama to assist in resolving the crisis through a rapid and democratic transfer of power. The mandate of this mission was extended on June 6, with the request that it return to Panama to continue its activities and then report to the MFM on July 19.

Our position with respect to OAS action was clearly stated by Deputy Secretary Eagleburger on June 6:

> "My Government believes as it has long believed that while Noriega remains in power, he is a permanent obstacle to political reconciliation. There can be no normalization, no accommodation, while Noriega remains in control. Our message is clear: the United Nations is not against Panama or the Panama Defense Forces, which have a role to play as a professional military institution. We are not interested in vengeance or in imposing our will on Panama. We remain committed to fulfilling our obligations and asserting our rights under the Panama Canal Treaties. But we are firmly committed to supporting the Panamanian people in establishing democratic processes in their country. To this end we have joined with other members of the OAS to help bring about a transfer of power and a transfer to democracy. We will continue to take all steps reasonably calculated to achieve that end."

Rigidities Caused by Earmarking

There is a final area that I would like to touch upon—that of earmarking our assistance programs. In our view, extensive earmarking, combined with constraints on overall funding levels, greatly reduces the flexibility of our assistance programs in several ways:

—When cuts must be made, they fall entirely on unearmarked programs. These unearmarked programs serve U.S. interests no less than those that are specifically legislated. But efforts to protect one good program through earmarking often work inadvertently to destroy others when overall levels decrease.

—Countries receiving earmarks often view them as an "entitlement," which actually can make them less amenable to entering into serious discussions regarding economic policy reform.

—Coordination with international financial institutions and response to political changes demand a flexible U.S. Government response which earmarking largely bars.

Let me relate a specific example of the type of problem earmarking often causes. The example relates to the narcoterrorism earmark in the Anti-Drug Abuse Act of 1988.[26] The earmark was written in such a way as to make planning for ESF spending especially difficult and inflexible. The law earmarked (but did not appropriate) $5 million to provide protection for judges, government officials, and the press. It also stipulated that these funds should remain available until expended.

The earmark became yet another claim against the previously appropriated ESF account, already heavily earmarked and cut from the presentation level. The earmark required us to withhold money from programs (including strengthening of democracy initiatives) for which plans had been made while we worked with the Colombian Government to develop a different program in a new area and of unknown dimensions. Indeed, we are only now getting concrete indications from the Colombian Government of specific needs and seeing how a coherent program could be developed.

We are pleased to see that the earmark issue was discussed in the House Foreign Affairs Committee task force report on foreign assistance. The report cited, correctly in our view, the need for increased flexibility in the implementation of our assistance programs. It suggested that a new economic cooperation act should avoid most of the restrictions, directives, and earmarks of the current act. We are also pleased that this subcommittee has sought to limit earmarking in the past.

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[26] P.L. 100–690, approved November 18, 1988; 102 Stat. 4181.

Conclusion

We look forward to expanding the close working relationship with the Congress that has been initiated with the Bipartisan accord on Central America, as we refine and support our overall hemispheric policy. What we need is a mechanism—a genuine consultative process—that gives flexibility to both the administration and the Congress to meet changing circumstances. As the Executive and the Congress agreed in formulating the Bipartisan accord, restrictive legislative provisions that micromanage our conduct of foreign policy are counterproductive to the interests of both the executive and legislative branches, and, more significantly, to the conduct of U.S. foreign policy.

Mr. Chairman, we will work with you in the spirit that was developed in the formulation of the Bipartisan accord. You will find us willing to consult closely and to keep the Congress fully and currently informed of events and issues in the region. We will not always agree, nor should we. That is the essence of our democratic system. But you can count on us to approach even those issues on which we have strong disagreements on a straightforward basis, with a willingness to listen, and with a view toward finding an approach that will best serve our mutual determination to promote U.S. interests and values.

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437. Strategy for Addressing Development Problems

Prepared Statement by the Acting Assistant Administrator for Latin America and the Caribbean, Agency for International Development (Schieck), June 23, 1989 (Extracts)[27]

Mr. Chairman, I am pleased to appear before this subcommittee to testify on our proposed economic assistance program for the countries of Latin America and the Caribbean (LAC).

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AID's Strategy

AID's strategy for addressing development problems in the region and making the 1990's a decade of strong economic growth and rising living standards focuses on the following interrelated goals: promoting faster and sustainable economic growth; ensuring that people have adequate opportunities to participate in development process; and supporting democratic processes at all levels (electoral, legislative, and judicial). A broad array of assistance instruments—including ESF, Development Assistance, food aid, and housing guaranties—supports these goals. Joint programming of host government-owned local currencies associated with ESF and food aid also help assure that they are utilized in support of these goals and benefit the poor.

This strategy for broad-based, sustainable economic growth emphasizes productive employment opportunities for all as well as greater access to health care, education, and other social service. It also stresses the role of the private sector as the main engine of development. At the same time it seeks, through policy dialog and significant ESF assistance, to promote economic policy reforms and cost-reducing management improvements in the public sector. AID stresses institution building and training for achieving sustainable development, and strives to apply advances in science and technology to its programs. We also realize that we need to continue and increase our emphasis on sustainable, economic growth based on sound environmental and natural resource management principles.

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[27] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for Fiscal Year 1990*, Part 1, pp. 1038, 1041–1043, 1045–1048, and 1051–1055. Schieck submitted this statement to the Subcommittee on Foreign Operations of the Senate Appropriations Committee. Chairman of the subcommittee, Patrick J. Leahy, presided over the session.

A significant portion of AID's activities in the LAC region—approximately 29% of the Development Assistance portfolio—is carried out through private and voluntary organizations (PVOs), both U.S. and local. During FYs 1987–89 LAC funding for PVO activities averaged $119 million. Approximately 60% of this assistance is being channeled through local PVOs.

Women are more fully incorporated into AID's development assistance programs as beneficiaries and participants through training, technical assistance, research, and evaluation. Significant employment opportunities for women have been created in countries where nontraditional exports are growing rapidly under programs strongly supported by AID.

Promoting Rapid and Sustainable Economic Growth

The economic crisis of the early 1980s resulted in serious imbalances throughout the region. Reducing fiscal and balance-of-payments deficits, bringing inflation under control, and reversing capital flight were necessary for establishing an economic environment conducive for achieving rapid and sustainable growth. These stabilization policies were also essential for establishing the conditions needed to significantly reduce poverty. With AID support, many LAC countries have substantially completed their stabilization objectives. Nevertheless, stabilization efforts are still required in some cases—most importantly, El Salvador, where the continuing insurgency has limited the capacity of the government to stabilize its economy.

Rapid and sustained economic growth in the 1990's and beyond requires a healthy world economy, continued access to markets in the United States and other developed countries, sound economic and financial management by LAC governments, development of a better educated and healthier labor force, and protection of the natural resource base. AID will continue to support market-oriented reforms to help foster this rapid and sustained economic growth. These policy reforms include reducing price distortions, privatizing the public sector, encouraging export expansion and diversification, and promoting labor intensive growth.

These reforms are central to sustainable, productive employment generation which permits broader participation in the benefits of growth. They will open up the private sector to small and medium-size entrepreneurs—men and women whose individual initiative has been stifled or channeled into the "informal" economics of countries where legal and institutional barriers restrict market entry. These entrepreneurs have the ability to create jobs and to lead their countries onto a path of sustainable growth.

Cooperation with other donors in promoting sustainable growth has been institutionalized in the Caribbean since 1978 under the Caribbean Group for Cooperation in Economic Development. In Central America, consultative groups, strongly supported by AID, were formed under World Bank leadership during 1988 for Costa Rica and Honduras, and in March 1989 for Guatemala. Efforts are under way to develop a consultative group for El Salvador as well. Japan is becoming a major donor in the region and has entered into several co-financing arrangements with the World Bank. AID is exploring opportunities for similar types of cooperation with Japan.

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Ensuring Adequate Opportunities for Participation in Development

Illiteracy, deficient educational and training opportunities, malnutrition, poor health conditions, and inadequate housing continue to be a problem in much of the hemisphere. Stronger economic growth in the short run facilitates improvements in human and institutional resources, thus strengthening long-run growth prospects as well as the outlook for democratic development. An economic growth strategy helps promote more equitable participation and broad-based income gains by creating jobs, encouraging small businesses, and generating revenues to extend coverage of health, education, and other social services. These services can also be extended through greater efficiency and the use of cost-recovery measures, as well as through greater use of the private sector.

We are making progress in ensuring that the benefits of growth are shared more broadly. I have already mentioned the substantial employment gains recently made in Costa Rica, the Dominican Republic, and Jamaica. In the Eastern Caribbean, more than 4,000 unemployed or underemployed youths have found jobs as a result of an AID-supported, nonformal skills training project.

Expanding basic education—the minimal level of skills, knowledge, and attitudes needed to live in a modern society—is essential for providing the poor the skills they need to participate in development. We have focused on improving the quality and efficiency of educational systems at the primary grade level. Progress includes an increase in the average gross primary school enrollment ratio for the AID-assisted Central American countries, from 86% in 1983 to an estimated in 91% in 1988. The efficiency of primary education also increased over this period, with the completion rate rising from 57% to 60% and the number of years needed to produce a sixth-grade graduate falling from 10.3 to 9.5. In Haiti, through PVOs, AID has helped raise the primary enrollment ratio from 89% in 1985 to 91% in 1988. In Jamaica, however, heavy external debt burdens and the need to maintain budgetary discipline have forced temporary reductions in educational services. The primary school completion rate has declined from 74% in 1985 to 69% in 1988. AID is responding to this problem with a new basic education project in Jamaica in FY 1990.

Training for managers of small and medium-size businesses is important for helping to prepare a cadre of entrepreneurs to lead a revitalized private sector into the 1990's. Microenterprises can also be important for sustainable growth and employment generation. To assist microenterprises and small businesses, AID supports both technical assistance and credit programs.

In Belize, 700 microentrepreneurs, including 117 women, have received technical assistance, and 773 loans for $1.25 million have been made. These activities have helped save 1,253 jobs and create 243 new jobs. The loan delinquency rate has been a relatively low 6%. In the Dominican Republic, loans to 566 microenterprises have enabled beneficiaries to increase their average monthly profits by 164%, and almost 2,900 jobs have been created. In Peru, AID has supported efforts by the Institute for Liberty and Democracy, headed by Hernando de Soto, to highlight the importance of the informal sector and its implications for microenterprise development throughout the LAC region.

Other targeted programs to improve the conditions of the poor are needed to ensure that the benefits of growth will be widespread. In Guatemala, the AID-supported activities of the Penny Foundation have enabled 585 small-farm families to purchase their own land and to farm it profitably with the help of technical assistance and production credit. Because of the success of this program, AID plans to provide additional assistance for private land purchase programs in Guatemala in FY 1989.

Small-farmer exports of nontraditional products have expanded significantly in a number of countries under AID-supported programs, In the Eastern Caribbean, for example, small farmers marketing through the Caribbean Agricultural Trading Company (CATCO) now account for about 10% of the region's nonbanana fruit and vegetable exports. In Guatemala, more than 10,000 small farmers have benefited from a diversification program emphasizing winter fruits and vegetables.

AID's child survival efforts have improved the health status of infants and young children through oral rehydration therapy, immunization, better nutrition, water supply and sanitation, and other programs. In Central America the infant mortality rate has fallen by 5 per 1,000 since the early 1980's: the 1990 target under the CAI, 58 per 1,000 (excluding Panama), may be surpassed. In El Salvador the infant mortality rate fell from 77 per 1,000 in 1979 to 50 in 1988. In Bolivia, preliminary data show steady reductions in the infant mortality rate since 1985. In Haiti, AID has helped lower the infant mortality rate from 130 per 1,000 in 1985 to 105 in 1988. Within the poor urban squatter settlement of Cite Soleil, an AID-assisted PVO has helped bring the rate down to 80 and immunization coverage up to 80% (compared to 16% nationwide). In the Eastern Caribbean, an AID-supported pharmaceuticals management project has lowered the price of medicines by an average of 44%. In the Dominican Republic, AID is working to reverse an apparent decline in health indicators for the poorest population groups through programs in child survival, health management systems, malaria and dengue control, family planning, and rural water supply.

In El Salvador there has been a particularly great need to assist displaced persons who have been forced off their land by the armed conflict. AID assistance for this target group includes health services, educational opportunities, and productive employment. Where families have returned to their communities, or permanently settled elsewhere, AID and the Government of El Salvador are supporting their reintegration with seed and agricultural supplies, home and community repair assistance, vocational training, help in obtaining land parcels, and training of local officials. Since late 1986 more than 10,000 people have received reintegration assistance, and an additional 25,000 are expected to be assisted before the end of FY 1989.

Also as a result of the armed conflict, there has been a need to improve and strengthen rehabilitation services for Salvadoran civilian amputees. AID initiated a program in 1986 to address emergency, short-term and longer-term needs. To date, AID has provided over $3.5 million in assistance, which together with nearly $4.0 million in matching contributions, is providing emergency medical care, helping to organize a patient support fund, training rural health workers in rehabilitation, and establishing an in-country prosthetic training and fitting program as well as a production-oriented prosthetic laboratory.

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The Advanced Developing Countries

On an experimental basis we are working with Mexico, Colombia, Brazil, Uruguay, Paraguay, and Chile—countries which were once major bilateral aid recipients—to provide modest support for narcotics awareness programs, training, microenterprise development, health and population planning through the private sector, AIDS awareness programs, and environmental and low-impact agricultural activities. These activities promote mature ties by leveraging complementary private funding, strengthening institutional relationships initiated under bilateral programs, and reinforcing a common approach to economic, political, and social problems.

FY 1990 Highlights

A program level of $1.147 billion in Economic Support Funds (ESF), Development Assistance (DA), and P.L. 480 resources is proposed for FY 1990 to support our strategy for achieving sustainable economic, social, and political progress. Of this total, $734.7 million (64%) is for programs in Central America, $206.4 million (18%) for the Caribbean, $161.4 million (14%) for South America, and $44.3 million (4%) for LAC regional programs. As you are aware, the administration is reviewing its 150 Account request in light of the Bipartisan Budget Agreement[28] and some future adjustments may be needed.

To support our goals of economic stabilization and sustainable economic growth, *ESF resources* of $544.6 million are proposed, primarily for policy reform to support economic recovery and growth. This level is essential for achieving minimum acceptable progress toward sustainable economic growth. These resources encourage governments to undertake necessary but politically difficult policy steps and provide them the means to mitigate difficult policy steps and provide them the means to mitigate near-term adverse effects of some of these policy changes. Now that many countries have achieved their principle stabilization goals, a large proportion of ESF resources supports policy reforms and other actions that promote long-term and broad-based economic growth.

Local currency associated with ESF programs plays a vital role in our balanced strategy. It supports productive credit requirements of private enterprises, finances key public services and infrastructure projects, helps governments spread the benefits of growth, and supports efforts of PVOs and other groups to meet basic needs.

ESF will also finance our expanded democratic development initiatives in such areas as election assistance, legislative management, journalism, and leadership development. Assistance to ILANUD will strengthen it as a center of excellence for judicial training and reform. Country-specific AOJ programs, including activities being initiated in Argentina and Chile, will operate in nine LAC countries.

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[28] For text of the Bipartisan Budget Agreement Between the President and the Joint Leadership of Congress, April 14, 1989, see *Weekly Compilation of Presidential Documents*, April 17, 1989, pp. 553–555.

In addition, ESF will provide a significant share of the funding for the Peace Scholarship programs in Central America and to a lesser extent in the Caribbean and South America. Projectized ESF will also support private sector programs as well as infrastructure restoration and development.

In the Development Assistance (DA) category, for which a total of $370.9 million is proposed, *agriculture, rural development, and nutrition* programs account for $144.6 million, or 39% of the total. Our strategy in this sector seeks primarily to support income—generation activities through diversification into nontraditional export crops, while disseminating technologies to promote sustainable agricultural practices that would enhance the natural resource base and protect the environment. The FY 1990 program includes new projects to diversify and improve the efficiency of agricultural production and marketing in the highlands of Bolivia and Peru. Other new starts in FY 1990 will enhance sustainable agricultural practices in Costa Rican watersheds and will increase small farmer access to owner-managed irrigation systems in Guatemala. Improved natural resource management and environmental education will assist private and public institutions in Ecuador to reverse the trend toward degradation of lowland tropical forests and highly erodable steep slopes.

The *population planning* portfolio ($23.0 million, or 6% of the DA program) emphasizes the use of private and commercial mechanisms, especially through new population programs in Central America and Bolivia. Income generation and improved management efficiencies aimed at program sustainability are major objectives in ongoing programs.

The *health* portfolio ($59.5, or 16% of the DA program, including $26.0 million for child survival programs and $3 million to combat AIDS) emphasizes more efficient delivery systems for public health services and the development of private sector delivery mechanisms. New activities include private sector health initiatives in Bolivia and the Dominican Republic and a maternal child health program in Central America.

Our activities in *education and human resource development* ($75.8 million, or 20% of the DA program) include support for training under the CAPS program for Central America, the Presidential Training Initiative for the Island Caribbean, and the Andean Peace Scholarship program, as well as management, labor, and vocational training programs. Basic education programs (more than $18 million in FY 1990) have priority in countries where literacy rates remain low, although availability of basic education is broader than in other regions of the world. The FY 1990 program includes significant support for new projects to promote management education and training in the Eastern Caribbean and basic education in El Salvador, the Dominican Republic, and Jamaica. Given the earmark for basic education, our ability to devote a significant amount of funding under this account for training programs is dependent upon maintenance of adequate funding for the overall education account.

The *private sector, environment and energy* portfolio ($68 million, or 18% of the DA program) is particularly important in the LAC region. Tight funding restrictions for this account are not commensurate with its strategic importance in supporting private sector development, small and medium-size enterprises, privatization, improved public administration, efficient use and development of energy, and environmental and natural resource management. An existing regional project will be designed to more effectively support conservation of biological diversity and tropical forests and otherwise to improve management and conservation of a natural resource base that is deteriorating rapidly, yet upon which sustainable development ultimately depends.

Additional U.S. resources providing critical support for our objectives in the LAC region will be made available under the *P.L. 480 program*, which frees scarce foreign exchange for other priority uses. Local currency generations from the sale of P.L. 480-financed U.S. agricultural products are integrated with our overall DA activities that are designed to assure that the benefits of development are shared by the majority of a country's citizens. Donated food addresses important nutritional needs by targeting the poorest and most vulnerable segments of the population. The FY 1990 request is $231.3 million, of which $164.0 million is for Title I/III and $67.3 million is for Title II.

AID requests reauthorization of the *Trade Credit Insurance Program* (TCIP) through FY 1992, with a commitment level in FY 1990 of $200 million, consistent with the February 1987 full funding report to the Congress on implementation of the Central American Initiative (CAI).[29] Under the TCIF, annual authorizations ranging from $200 million to $300 million have permitted AID to issue guaranties to the Export-Import Bank (Eximbank) for export credit insurance administered by Eximbank to support U.S. exports to the Central American private sector. Through October 1988 a total of $611 million in letters of credit had been confirmed under the program.

Concluding Remarks

Mr. Chairman, the assistance we are proposing for FY 1990 constitutes a balanced program in support of economic, social, and political goals which are closely interrelated. Economic growth is essential both for providing the resources needed to relieve poverty and for establishing the kind of environment in which democracy can flourish. A wider sharing of the benefits of growth is needed to avoid the type of inequitable growth patterns which in the 1970's led a number of countries into armed internal conflict and repression by undemocratic regimes. And without democracy, the sustainability of growth and poverty alleviation will be in question, and the ability of individuals to enjoy basic rights of participation will be restricted. U.S. interests in Latin America and the Caribbean make it imperative that we continue to support fully the democratically elected leaders of the region in pursuit of the goals we share.

Thank you.

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438. "The OAS Must Be Democracy's Defender"

Address by Secretary of State Baker Before the General Assembly of the Organization of American States, November 13, 1989 (Extract)[30]

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It is fitting to note these historic developments here in the Organization of American States. For this hemisphere is no mere participant in that democratic revolution: it is helping to lead the way.

Look around this General Assembly and tally freedom's march: The people of Paraguay now live under a government elected in a competitive election for the first time in more than 40 years. This past year, power transferred peacefully, democratically from one political party to its rival in Argentina, for the first time in 61 years; in Bolivia, for the first time in 20 years; and in El Salvador, for the first time in its history.

Chile is well on its way to returning to the democratic community, marrying its economic miracle with a hopeful, new national consensus for political diversity. Elections are underway in Nicaragua with OAS monitoring. If they are free and fair, they hold out hope of ending more than a decade of civil war. In Haiti, a calendar for new elections has been announced, and the Avril government has made a welcome commitment to safeguard the security of the electoral process.

It is a measure of the distance this hemisphere has traveled in one decade that it almost seems an afterthought to note that democratic transfers of power are also underway in Brazil, in Uruguay, in Colombia, in Honduras, in Guatemala, in Costa Rica, and in the Dominican Republic.

Side by side with this democratic political revolution is an economic revolution every bit as powerful and potentially as far reaching. Mexico has joined the GATT and Costa Rica is in the final stages of accession. Both have concluded successful debt negotiations. Venezuela is poised to follow. Brazil is manufacturing communications satellites. Chile is trading with the Pacific rim.

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[29] Regarding funding for the Central American Democracy, Peace and Development Initiative, see *American Foreign Policy: Current Documents, 1987*, pp. 738–740.

[30] Source: *Current Policy* No. 1224, Bureau of Public Affairs, Department of State, November 1989.

From Kingston to Caracas, Buenos Aires to Montevideo, a new generation of democratic leaders is stripping away the layers of state control and special preference that shackled this hemisphere's productive powers for decades. They are opening up their economies instead to the creative energies of their own people and to new trade and investment in the global marketplace.

None of us can forget the deep economic and social crisis that afflicts so many of this hemisphere's people or the strains on fragile new democracies from debt-ridden economies. But neither can we deny that those nations that have gone the furthest in creating free and open markets hold out the greatest hope of easing those debt burdens and reviving economic growth.

The changes transforming our hemisphere did not arise from textbooks or theories, but from the hopes of ordinary citizens. The housewives and peasants, shopkeepers, and students who endured dictatorships of right and left, who suffered through a decade of lost growth, and who tasted the terrible violence of both ideological extremes learned a lesson that neither colonels nor *comandantes* can long deny: only elections confer legitimacy; only pluralism delivers progress; only democracy promises peace.

This Organization of American States, and all who hold a position of elected leadership in this hemisphere, are the custodians of those hopes. The OAS must be democracy's defender.

Where human rights are embattled, the Organization of American States must defend them—whether they are threatened by guerrillas or governments. The Inter-American Commission on Human Rights represents the OAS at its finest, as its special report on Panama attests.[31] We must support and strengthen its work.

This is the commission's 30th anniversary. We will never know how many citizens of the Americas were freed from prison or spared from the torturer's lash because of the work of this proud institution. But on their behalf, I would like to salute the members and staff of the Inter-American Human Rights Commission and all of those who served the commission so ably, so honorably and so effectively for these past two decades.

Where elections are in question, the OAS can help guarantee the integrity of the process so that the will of the people will not be denied. As I noted already, the OAS is helping monitor the elections in Nicaragua. Perhaps, working with CARICOM and the Government of Haiti, there is a role to play in that long-suffering nation's scheduled elections, too. In 1987, the democratic community stood helpless as voters in Haiti were gunned down in polling booths; surely we cannot permit that nightmare to return.

When the will of the people is trampled, as it was so visibly and viciously in Panama, the OAS must denounce such abuses with courage and candor. The democratic community must isolate those who are responsible. If the charter of this organization is to be fulfilled, multilateralism must not become a synonym for the lowest common denominator, and the principle of nonintervention cannot become an excuse for looking the other way.

Nothing would please my government more than the opportunity to normalize relations with a democratic Panama, see the escrowed fees flow to a constitutional government, and see the joint implementation of the Panama Canal Treaties.[32] But there is a dictator, and his name is Noriega. The United States will never accommodate with the outlaw regime that fronts for him in Panama. After the devastating report just issued by the Inter-American Human Rights Commission, we trust that no other self-respecting democracy will do so either.

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[31] Reference is to the Organization of American States, Inter-American Commission on Human Rights, Report on the Situation of Human Rights in Panama, approved by the Commission at its 76th session, held in Washington, September 18–29, 1989; for text, see OAS doc. OEA/Ser.L/V/II.76, Doc. 16 rev. 2, November 9, 1989.

[32] Reference is to the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, with Annexes and Protocol, signed at Washington September 7, 1977, entered into force October 1, 1979; 33 UST 1; and Panama Canal Treaty, with Annex, agreed minute, and related letter, signed at Washington September 7, 1977, entered into force October 1, 1979; 33 UST 39.

Together, we must defend democracy against the new slayers of the democratic dream—the narcotraffickers and drug cartels who poison our children, murder public servants, and make war on civil society. Democracy in this hemisphere has never faced a more highly organized, better-financed, or more ruthless enemy. We cannot defeat this enemy unless we are united. Here in the OAS, and in other forums, we must pioneer new and effective means to track and arrest drug traffickers, extradite fugitives, stop the laundering of drug money, curtail the flow of precursor chemicals, and control the traffic in dangerous arms.

I think no one will be surprised if I single out one member state, Colombia, for special mention. Three decades ago a young Senator, later President, named John F. Kennedy, published a book called *Profiles in Courage*. It told the story of some of my nation's bravest and most selfless public servants. If such a volume were to be written today about this hemisphere, I have no doubt that heading the list of profiles in courage would be President Virgilio Barco and those who serve with him in the Government of Colombia.

The OAS is also playing a constructive role in resolving the conflicts in Central America where democratization is the key to lasting peace. Let me say a word about Central America before I close.

In 1981, the Marxist guerrillas of the FMLN launched their so-called final offensive, but the people of El Salvador refused to heed their call. This past weekend, in a spasm of violence, the FMLN called for a "mass insurrection," but the people of El Salvador said no. As usual, when the FMLN attacks, the victims were ordinary citizens, many among the poorest Salvadorans.

The attacks by FMLN guerrillas on private homes and citizens were acts of terror pure and simple. So, too, was the bombing the week before of an opposition trade union headquarters. In Nicaragua, the vast majority of ordinary people simply want to vote in a free election. Yet, there the government has suspended the cease-fire, threatening renewed violence and war.

The time has come to end the conflicts in Central America. The men, women, and children of this war-torn region have suffered and bled too long. Central America yearns for democracy and peace. The international community must mobilize its will to help them achieve it.

A framework for a lasting settlement in Central America already exists—in Esquipulas, Tesoro Beach, and Tela.[55] Our challenge is to translate the promises in those agreements into a permanent reality.

The Soviet Union bears a special responsibility because its arms and money, moving through Cuba and Nicaragua, continue to support violence, destruction, and war. Shipments of Soviet rocket-propelled grenades to the FMLN are incompatible with the new thinking. Soviet behavior toward Cuba and Central America remains the biggest obstacle to a full, across-the-board improvement in relations between the United States and the Soviet Union.

In Nicaragua, elections must go forward free of fear, manipulation, or special advantage to those who control the power of the state. We have seen some signs of progress in the concessions arrived at before Tela and in the registration process. But we also have seen some dark and dangerous signs: the reappearance of mobs assaulting peaceful opposition rallies; unlimited use of state resources and television for the ruling party's candidate; and now a militarized election atmosphere.

If the elections are to have legitimacy, they must be conducted in an atmosphere free of violence. We hope the cease-fire will be reinstated, violations will cease on both sides, and the process of dialog between the government and the Nicaraguan Resistance will proceed.

If the Government of Nicaragua truly wants the peasants of the Nicaraguan Resistance to return voluntarily, it, and it alone, has the power to convince them: by stopping summary executions, freeing political prisoners, and agreeing to an independent mechanism to guarantee their freedom and security. As conditions warrant confidence, we would encourage the Resistance to test them.

In El Salvador, the time has come for the FMLN to return to the negotiating table where both sides should bargain in good faith. Every individual and group in El Salvador has the right to participate in

Document 438

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[55] For text of the Agreement by the Presidents of Central America at Puerto de Tela, Honduras, August 7, 1989, see Document 455.

the democratic process free of fear, none has the right to impose its will on the people through violence or repression.

At the heart of the Central American peace process is a vision of national reconciliation in the nations of the region where war has raged. Can those who have fought and died for more than a decade in Nicaragua and El Salvador overcome the hatreds of the past and summon the will to compete—not with the weapons of war—but with the weapons of democracy? Can Central America achieve a triumph of hope over fear? The international community must mobilize every resource to realize that vision because we have urgent work to attend to in this hemisphere, and the people of Central America have waited for peace too long.

In 1990, the inter-American system begins its second centennial. Three years from now, we celebrate the 500th anniversary of the discovery of the new world; just 8 years later, we enter the 21st century. What kind of hemisphere can we envision? What will be the agenda of the OAS?

I believe, as President Bush declared in San Jose,[34] we have it in our power to create, here in the Americas, the world's first completely democratic hemisphere—a hemisphere, as the Charter of the OAS envisions, where human rights are respected and the rule of law prevails, where all nations live in peace and none lives in fear of aggression.

The ideal of a democratic Europe blossomed into the vision of EC 1992. I believe as well that this democratic hemisphere we are building can become the model for the rest of the planet of a true partnership between the developed and the developing nations—where trade is free, prosperity is shared, and the benefits of technology are harnessed for all. To those doubters and skeptics who would call this an impossible dream and counsel statesmen to set their sights on more pragmatic goals, I would answer: Do not lecture us about impossible dreams. This is the week the Berlin Wall came down.

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[34] See Document 461.

B. Mexico

439. United States Relations With Mexico

Statement by Secretary of State Baker Before the U.S.–Mexico Binational Commission, Mexico City, August 7, 1989 (Extract)[1]

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U.S.-Mexican relations are a subject of such breadth, complexity, and vibrancy that they cannot be confined within a conventional frame of diplomatic reference. Thousands upon thousands of lines of communication and contact have developed naturally across our common border. By the year 2000, if current trends continue, Mexico will be home to the world's largest Spanish speaking population, and the United States will be home to the next largest. Today, we work toward joining these homes in a prosperous partnership—one that will unite our governments, our peoples, and our economies as never before.

Mexico is the United States' third largest export market and our second most important source of strategic raw materials. At the same time, our governments share common interests in protecting and promoting security, prosperity, and democracy in our two countries, in our hemisphere, and throughout the changing world.

We are here today because both our governments understand that we must face the challenge of change together. We both recognize that as the new century approaches, we have the opportunity to forge a partnership for the future—a future that holds many challenges and much promise for both our peoples.

Some defined the old U.S-Mexican relationship as "managing irritants." We are committed to a new relationship: "creating common opportunities." From now on, we will define the U.S.-Mexican relationship not by the narrow differences which divide us but by the growing agenda of common opportunities that unite us as never before. This binational commission can play a pivotal role in turning opportunities into realities.

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[1] Source: Department of State *Bulletin*, October 1989, pp. 76–78. The U.S.–Mexico Binational Commission held its seventh meeting in Mexico City, August 6–7. For text of the joint communiqué issued August 7, see *ibid.*, pp. 82–84.

In preparation for this meeting, the U.S. delegation carried out an extensive review of our relations. We know that Mexico's delegation has gone through a similar process. Reflecting the high priority given our relationship by our two Presidents, several of us have already met with you and your colleagues over the past months.

Indeed, our constructive and ongoing dialog began last November, when President-elect Salinas and President-elect Bush met in Houston.[2] As a Houstonian, I was proud to take part, as were several of those around this table today. President Bush said then, and has repeated many times since, what he and I believe: The United States has no more important relationship than that with its neighbor and friend, the Republic of Mexico. These are not mere words—they represent the solemn commitment of the United States. On both sides of the border, we now refer with pride to the "spirit of Houston." That spirit moves us to action today.

Our delegation looks forward to what we know will be a productive and mutually beneficial discussion on a variety of topics. Progress has been made on many issues, but much remains to be done.

Let me begin with an issue that seriously threatens both our countries: drugs. We have long since stopped pointing fingers of blame, arguing whether drugs are a problem of demand or supply. Instead, our governments are working to reduce the supply of the poison pushed on our citizens—on our own children—by vicious traffickers.[3] Both of us are making vigorous efforts to free our city streets and our youth from the prison of drug addiction.

Mexico's success, over the last 6 months, in capturing and prosecuting drug traffickers has seized the world's attention.[4] Moreover, to its credit, your government has made clear that it wants to tear the roots of the opium poppy and marijuana plant from its soil.

My government, in turn, knows all too well that 60% of the world's illegal drug supply is consumed in the United States. This is senseless demand that must be cut, through the efforts of all Americans. Zero tolerance is more than a policy—it's an attitude we must foster.

On a matter of great concern to Mexico—its foreign debt—the United States took early leadership with the announcement of a strengthened debt strategy. Now, thanks to the efforts of Secretary Brady, Secretary Aspe, and others on both sides, an agreement has been reached.[5] A real reduction in Mexico's debt burden will be achieved.

Mexico's bold, far-sighted economic policies and its negotiating team have done outstanding work to convince the private banks and international lending institutions that Mexico is worthy of credit and trust. We believe that Mexico has earned that faith and confidence. Mexico can once again set an example which other nations can follow.

But efforts in debt do not stand in isolation from other economic topics. Now we can focus even greater attention on those topics vital for our common growth. Our two-way trade in 1988 totaled more than $44 billion. We need to strengthen our trade and investment ties in order to build a future of growth and prosperity for all citizens of North America, whether they live north of the Rio Grande or south of the Rio Bravo.

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[2] President-elect Bush met President-elect Salinas de Gortari on November 22, 1988, at NASA's Johnson Space Center.

[3] An Agreement on Cooperation in Combatting Narcotics Trafficking and Drug Dependency was signed at Mexico City February 23, 1989; for text, see *International Legal Materials*, Vol. 29, No. 1 (1990), pp. 58–61.

[4] Regarding Mexican arrests of drug traffickers in the first 6 months of 1989, see *Department of State International Narcotics Strategy Report: Mid-Year Update* (Washington, August 1, 1989), p. 37.

[5] On July 23, the Mexican Government and a 15-member committee representing more than 500 commercial banks agreed in principle to reduce Mexico's $97 billion external debt. On the same day, Secretary of the Treasury Brady welcomed this agreement and said the U.S. Treasury and the Federal Reserve would help Mexico arrange a short-term bridge loan of up to $2 billion for interim financing pending disbursements from the International Monetary Fund, the World Bank, and commercial banks. (*Treasury News*, Department of the Treasury, July 23, 1989)

We admire and respect the many positive economic changes introduced by the Salinas administration—tariffs liberalized, investment restrictions lifted, freer markets, more private business, and increased opportunity for the people of Mexico—whatever their status or station in life—to determine their own economic future. We believe, as we know you do as well, that the unleashing of economic liberty can create constructive forces and creative energies that extend well beyond that reached by the heavy hand of government directives. We also know that the success to be reached is one to be earned by Mexicans.

But we wish to help where we can. So I am pleased our two governments will work with our business communities to create the jobs, the new enterprises, the hope.

There is no doubt that difficult economic and business challenges still face both our countries. And we recognize those challenges will sometimes require politically sensitive choices on both sides of the border. But I also recognize our governments can transform the challenges into achievements if we work together. We will do so.

For our part, the United States is ready to accelerate trade and investment talks with Mexico under the auspices of the U.S.-Mexico Framework Understanding[6] and the Uruguay Round of the GATT. By working closely together in these forums, and by our talks here today, we can chart a new course in U.S.-Mexican relations that builds on the debt agreement. We can stimulate commerce between our nations. We can engage our private sectors in developing new opportunities for growth. We can improve the international trading rules embodied in the GATT.

Cultural relations between our two countries have never been better. In our discussions today, we will want to look at ways in which our governments can work together to strengthen those relations even further. Let us move to bring our peoples together—students, teachers, government officials, and journalists—for our nations have so much to gain from each other in learning, understanding, and friendship.

The opportunities are clearly there. Now we need to get to work. I am confident that, today, we will build the framework for a successful state visit by President Salinas to Washington in October. Every day our citizens are making it clear that they expect their governments not merely to plan, but to act; not merely to discuss, but to do.

We are here to roll up our sleeves and start building a world where legitimate commerce flows freely and illegal drugs do not. For prosperity and jobs and expanding futures on both sides of our border are a common good.

We are here to work together to clean the air, purify the water, and protect our other natural resources, for these are the birthright of both our peoples.

We are here to work together to improve the climate of understanding between our citizens. We want the lives of our children to be enriched by exposure to the distinctive languages, cultures, and histories of our two proud nations.

And finally, we seek to deepen our partnership of democratic values—values upon which both our nations were founded, and which unite our two peoples in a common vision of the future.

We pledge to you our government's commitment to work with Mexico to make this common vision an enduring reality.

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[6] Reference is to the Understanding Concerning a Framework of Principles and Procedures Regarding Trade and Investment Relations, with Agenda, between the United States and Mexico, signed at Mexico City November 6, 1987, entered into force the same day; for text, see *International Legal Materials*, Vol. 27, No. 2 (1988), pp. 438–442.

440. Visit of President Salinas of Mexico

Statement by President Bush, October 3, 1989[7]

President Salinas and Mrs. Salinas, Secretaries Solana and Baker, Ambassadors Petricioli and Negroponte, and members of the delegation and friends, less than 1 year ago, sir, we met in Houston, Texas, as two Presidents-elect and began to focus on what for each of us is a major Presidential responsibility: defining and enhancing the U.S.-Mexican relationship.

Mr. President, you and I went to Houston certain of the importance of our responsibilities, for ours is one of the world's broadest and most complex bilateral relationships. But I think that few could have envisioned the degree of success that our talks would have. That success was embodied by what has come to be known as the Spirit of Houston—our joint commitment to create a framework of mutual trust and understanding. And in the past year that spirit has strengthened our Mexican-American ties.

Together, Mexico and the United States have worked to negotiate a solution to the debt question[8] and develop greater cooperation in the war against drugs. Together, we've improved opportunities for bilateral trade and investment and nurtured our environment. In sum, finding new ways to reaffirm old bonds. When President Salinas and I met last July in Paris, these steps were already underway—steps crucial to countries with such shared social, economic, and regional interests.

And now, as I welcome President Salinas to our Capital for his first state visit, I look forward to continued progress and additional proof of how Mexico and the United States can work together toward common ends, toward positive results. Those ends are reflected in today's agenda, for as major trading partners we must explore ways to expand our commerce, and as members of the Organization of American States, discuss how democracy can be restored to Panama and free and fair elections held in Nicaragua.

And this year we celebrate a century of joint projects by the International Boundary and Water Commission. We must renew that cooperation and continue to strengthen our assault on the plague of drug use and trafficking. For we know that what threatens one nation in our hemisphere threatens us all. In each case, strong bilateral cooperation is fundamental to an effective multilateral response. And thankfully, Mr. President, our countries share the good will and dedication to confront and meet our challenges—meet them through mutual candor, through mutual respect.

I've often spoken of the need to recognize the permanent importance of the U.S.-Mexican relationship. And Mr. President, I'd like again to refer to that need today, for U.S.-Mexican affairs are vital to our respective national agendas. Our relations now are strong, and they must grow even stronger—and they will.

On behalf of the United States of America, President Salinas and Mrs. Salinas, let me welcome you both to the White House, and to this country, and to your friends.

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[7] Source: *Weekly Compilation of Presidential Documents*, October 9, 1989, pp. 1493–1494. President Bush spoke at 10:13 a.m. at the South Portico of the White House at the formal welcoming ceremony for President Salinas. Salinas made a state visit to the United States, October 1–6. For his remarks at the welcoming ceremony, see *ibid.*, p. 1494.

[8] On September 13, Secretary of the Treasury Brady welcomed the announcement by the Mexican Government and its Bank Advisory Committee that they had agreed on terms for the 1989–1992 commercial bank financing package. (*Treasury News*, Department of the Treasury, September 13, 1989) A Swap Agreement among the United States Treasury, the Banco de Mexico, and the Government of the United Mexican States, with Memorandum of Understanding, was signed at Washington and Mexico City, September 14, 1989, and entered into force the same day.

441. Signing of Mexico–United States Environmental and Trade Agreements

Statement by President Bush, October 3, 1989[9]

Let me just say that these agreements we're about to sign are symbolic of the breadth and ever-growing closeness of the United States-Mexican ties. They do prove the special relationship between our countries; it's never been stronger. And I welcome them as a commitment of our two Governments and of the President and myself to make progress over a wide variety of issues.

The understanding regarding trade and investment facilitation talks,[10] for example, moves beyond the consultation encouraged by our framework understanding on trade to create a mandate for negotiation. And by taking the initiative, we will promote the increased trade and investment that can benefit both sides of our border.

The agreement on the protection and improvement of the environment of Mexico City[11] is also significant, particularly in these times. For it commits our Governments to jointly find ways to resolve air and other pollution problems in one of the largest cities in the world. Improving the quality of life for our people is a priority for both of our Governments, and we welcome the personal commitment to this matter by President Salinas and his leadership. So is finding a balanced response important—a balanced response to our environmental needs. And this agreement confronts those needs.

So, these two agreements, and others that will be signed this afternoon,[12] as well as our joint efforts to fashion a plan for addressing Mexico's external debt, are concrete examples of how our administrations have worked closely together during the last 10 months. These agreements come from teamwork. They show what can and must be done to make relations between our two great nations even closer than they are today. So, Mr. President, I am delighted to be with you as we witness the signing of these two historic agreements, and I would welcome your comments, sir.

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442. Conviction of Drug Kingpins in Enrique Camarena Murder Case

Statement Read by the Department of State Acting Spokesman (Boucher), December 13, 1989[13]

The United States welcomes the convictions of drug kingpins Rafael Caro Quintero and Ernesto Fonseca Carrillo in Mexico for the brutal February 1985 murders of U.S. Drug Enforcement Administration Special Agent Enrique Camarena and Mexican pilot Alfredo Zavela Avelar. Both drug traffickers received lengthy sentences, which they will serve in addition to earlier prison terms given to them for convictions on drug trafficking charges.

We are pleased that those responsible for these brutal murders have been brought to justice. These convictions further demonstrate the resolve of the Salinas administration in its fight against drug trafficking. We look forward to the continued cooperation of the Mexican Government in the battle against this common threat to the national security and well-being of both our countries.

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[9] Source: *Weekly Compilation of Presidential Documents*, October 9, 1989, p. 1495. President Bush spoke at 10:52 a.m. in the Roosevelt Room at the White House; for text of President Salinas' remarks, see *ibid.*, pp. 1495–1496. Mexican Foreign Minister Solana and Secretary of State Baker signed the agreements.

[10] Understanding Regarding Trade and Investment Facilitation Talks, with Action Plan, signed October 3, 1989, entered into force the same day; *International Legal Materials*, Vol. 29, No. 1 (1990), pp. 36–39.

[11] Agreement on Cooperation for the Protection and Improvement of the Environment in the Metropolitan Area of Mexico City, signed October 3, 1989; *ibid.*, pp. 26–28.

[12] Other agreements signed on October 3 include: Understanding Regarding the Joint Committee for Investment and Trade, entered into force October 3; *ibid.*, pp. 40–41; Agreement on the Development and Facilitation of Tourism; *ibid.*, pp. 43–49; Annex V (Agreement of Cooperation Regarding International Transport of Urban Air Pollution, with Appendix) to the Agreement on Cooperation for Protection and Improvement of the Environment in the Border Area; *ibid.*, pp. 30–35. There was also an exchange of notes, dated October 3, by Secretary Baker and Foreign Minister Solana on the Tijuana sanitation problem.

[13] Source: Office of Press Relations, Department of State. The statement was read at the Department of State Daily Press Briefing beginning at 12:49 p.m.

C. Central America

1. Regional Policy

443. El Tesoro Declaration

Joint Declaration by the Presidents of Central America, La Paz, El Salvador, February 14, 1989[1]

The Presidents of El Salvador, Guatemala, Honduras, Nicaragua and Costa Rica, meeting in the Province of La Paz in the Republic of El Salvador on February 13 and 14, 1989, analyzed the situation of the peace process in Central America and adopted the decisions necessary to carry out forward, on the understanding that the commitments undertaken under Esquipulas II[2] and the Alajuela Declaration[3] are a common and indivisible whole.

The Presidents of Costa Rica, El Salvador, Guatemala, and Honduras were apprised of the position stated intention of the Constitutional President of Nicaragua, Daniel Ortega Saavedra, to develop a process of democratization and national reconciliation within his country, within the framework of the Esquipulas II Accords and consisting of the following actions, among others:

—Once reforms have been introduced and made in election laws and the laws governing expression of thought, information and public opinion, in such a way as to guarantee the organization and political activity of the parties in the broadest sense, then an initial 4-month period will commence for purposes of preparing, organizing, and mobilizing the parties; then, once those first 4 months have elapsed, another 6 months of political activity will follow, at the end of which the elections for President, Vice President, and representatives to the National Assembly, municipalities, and Central American Parliament will be held. Those elections should be conducted by no later than February 25, 1990, unless the government and the opposition political parties mutually agree that they should be held on another date.

—The Government of Nicaragua will form a Supreme Electoral Council with balanced participation of representatives of opposition political parties. The Presidents call on Nicaragua's political parties to participate in the electoral process in that spirit.

International observers will be invited to participate, especially envoys of the Secretaries General of the United Nations and the Organization of American States, to be present in all the voting districts during the aforementioned two stages for the purpose of verifying the integrity of the process.

The Government of Nicaragua will guarantee that the communication media will function freely, by reviewing the Media Law and introducing amendments therein and by granting all political parties equal access to the same air time and equal time on the air on state television and radio stations. The Government of Nicaragua will authorize all the news media to supply themselves either from within the country or from abroad, at their discretion, with all the materials, implements, and equipment needed to discharge their functions fully.

In keeping with the proposal made by the President of Nicaragua and at the initiative of the President of Honduras, the Central American Presidents undertake to devise, within a period of no more than 90 days, a Joint Plan for the voluntary demobilization, repatriation, or relocation, in either Nicaragua or third countries, of members of the Nicaraguan Resistance and their relatives. To that end technical advisory assistance will be requested of specialized organization of the United Nations.

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[1] Source: OAS doc. CP/INF.2783/89, February 17, 1989. This Declaration is also referred to as the Costa del Sol Declaration and the El Salvador Accord.

[2] Reference is to the Central American peace agreement entitled "Procedures for Establishing a Firm and Lasting Peace in Central America," also known as the "Presidents' Agreements, Esquipulas II," signed by the Presidents of the five Central American Governments, Guatemala City, August 7, 1987; for text, see *American Foreign Policy: Current Documents, 1987*, pp. 749–753.

[3] Reference is to the San José Declaration, also known as the Alajuela Declaration, signed by the Presidents of the five Central American Governments at San José, Costa Rica, January 16, 1988; for text, see *ibid., 1988*, pp. 714–715.

To help create conditions for the voluntary demobilization, relocation, or repatriation of Nicaraguans who have been involved in direct or indirect armed activities and who are in Honduran territory, the Government of Nicaragua has decided to proceed with the release of prisoners, in keeping with the classification made by the Inter-American Commission on Human Rights.

Said plan will also make provision for the demobilization of all such persons who were or are presently involved in armed activities in the countries of the region, when they voluntarily request it.

To comply with the security-verification commitments, the Executive Committee is instructed to immediately undertake to organize technical meetings intended to establish the most suitable and efficient verification mechanism, in accordance with the talks held in New York with the Secretary-General of the United Nations.

The Presidents reconfirmed the authority of the National Reconciliation Commissions so that they may continue to conduct the specific verification functions indicated in the Guatemala Procedure and the Alajuela Declaration. They again stipulated that the Commissions are to periodically report the results of their work to the Executive Committee.

The Central American Presidents vigorously reiterated the request contained in number 5 of the Esquipulas II Accord to the effect that regional and extraregional governments that either openly or clandestinely provide aid to the irregular forces or insurrectional movements in the area, immediately halt such aid, save for any humanitarian aid that serves the purposes of this document.

The Presidents urge all sectors, especially the insurrectional movements and irregular forces operating in the area, to become part of the constitutional political process in each country. In this respect, they call upon all sectors in El Salvador to participate in the forthcoming elections.

The Presidents again stressed the importance of the Central American Parliament as a forum wherein the peoples of the area, through the representatives they freely elect by direct ballot, will discuss and devise suitable recommendations pertaining to the political, economic, social, and cultural problems of Central America.

The Presidents issued an urgent appeal to the international community to support the socio-economic recovery of the Central American nations, both in the short- and medium-term, taking into account the severity of the foreign debt problem and the necessity of restoring intraregional trade levels as an elementary factor in strengthening the integration process. In particular, the Presidents requested the support of the European Community for purposes of conducting the program to restructure, reactivate, and strengthen the process of economic integration in the Central American isthmus, which was officially presented in Guatemala last January. They welcomed, with great satisfaction, the Report of Report of the International Commission for Central American Recovery and Development, which is a significant contribution to the consolidation of democracy and the creation of a system of economic and social well-being and justice in the region.

The Presidents remain committed to seeking, first and foremost, directly negotiated solutions by which to overcome the conflicts that have arisen as a result of the Central American crisis.

The Presidents agreed to create the Central American Commission on the Environment and Development as a regional cooperation mechanism to make optimal and rational use of the natural resources of the area, to control against contamination and to restore the ecological balance. At its next meeting, the Executive Committee will appoint and immediately convene that Commission, so that it may devise the draft convention that will regulate its character and functions.

The Presidents also gave their unequivocal support to the holding of the International Conference on Central American Refugees (CIREFCA)[4] in Guatemala in

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[4] The May 29–31 Conference was organized by the U.N. High Commissioner for Refugees and was attended by representatives from 56 governments and 61 intergovernmental and nongovernmental organizations. The governments unanimously adopted a "Concerted Plan of Action" which provided for a 3-year program of economic and social assistance for Central American refugees. (*U.N. Chronicle*, September 1989, p. 14)

May of this year, as it will help find answers to the flow of refugees and displaced persons affected by the crisis in the region.

They agreed to foster a Regional Cooperation Agreement intended to eradicate the illegal traffic in drugs. To that end, the Executive Committee will draw up a draft agreement to be delivered to the governments concerned.

The Presidents also expressed the intention of their Governments to support the initiative to draft a convention in the United Nations concerning the rights of children.

The Presidents decided to meet in the Republic of Honduras on a date to be determined subsequently.

The Presidents of Guatemala, Honduras, Nicaragua, and Costa Rica thank the people and Government of El Salvador, especially President José Napoleón Duarte, for the hospitality they afforded, which provided an appropriate setting in which to hold this meeting.

Province of La Paz, El Salvador, February 14, 1989.

Oscar Arias Sanchez
President
Republic of Costa Rica

Jose Napoleon Duarte
President
Republic of El Salvador

Vinicio Cerezo Arevalo
President
Republic of Guatemala

Jose Azcona H.
President
Republic of Honduras

Daniel Ortega Saavedra
President
Republic of Nicaragua

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444. Secretary Baker's Views on El Tesoro Agreement

Interview With Secretary of State Baker, February 19, 1989 (Extract)[5]

Q. While you were in Europe, a big event occurred in Central America. The five Central American Presidents met, they reached an agreement which will lead to supposedly free elections in Nicaragua, the disarming and disbanding and disbursing of the *contras* based in Honduras, which were the key to the Reagan Nicaraguan policy. Our response has been rather silent. Are we for it or against it—that agreement?

A. I think we're for parts of it. But with respect to that part that talks about disbanding the *contras,* we really need to see what the fine print is. The agreement doesn't even contain the fine print yet. What it was was a commitment to develop a plan with respect to the *contras.*

There are some elements of the agreement that look promising—the idea of democratization in Nicaragua, the idea of noninterference by Nicaragua in the affairs of its neighbors. But, of course, these are promises that Nicaragua has made before, so the key here will be in the implementation.

We think that there needs to be, as we've said before with respect to the Esquipulas II and the Sapoa accords,[6] some sort of an enforcement mechanism to make sure that the Sandinistas keep the promises they've already made.

Q. But are you saying that the United States is not prepared to allow the disbanding of the *contras* as of now? And does that mean that you would want to seek some kind of funding from Congress—the so-called humanitarian aid—to keep them going?

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[5] Source: Department of State *Bulletin,* April 1989, p. 21. Secretary Baker was interviewed on NBC-TV's "Meet the Press" by Garrick Utley, NBC News; Karen Elliot House, *The Wall Street Journal;* and John Dancy, NBC's chief diplomatic correspondent.

[6] Reference is to the preliminary cease-fire Agreement Between the Nicaraguan Democratic Resistance and the Government of Nicaragua, signed at Sapoa, Nicaragua, March 23, 1988; for text, see *American Foreign Policy: Current Documents, 1988,* pp. 737–739.

A. I think we have, at the very least, a moral obligation to seek humanitarian aid for the *contras* when it expires on March 31, and I believe President Bush has already indicated that he would be doing so.

Q. That continues despite this agreement?

A. Yes—and should.

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445. U.S Support for Democracy, Human Rights, and Security in Region

Statement by President Bush, February 25, 1989 (Extract)[7]

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Q. Thanks to the efforts made by the parties concerned, some hot spots in the world are cooling off. As a result, the world public opinion is focusing its attention on the Middle East and Central America, where the United States has remarkable influence. Do you intend to make some readjustment to the U.S. policies toward these two regions and more actively make use of your influence to help promote early and just solutions to the problems there?

THE PRESIDENT. The United States continues to seek a just solution to conflicts in Central America, based on democracy, respect for human rights, and security. In El Salvador, the popularly elected government of President Duarte has worked, with our support, to institutionalize democracy, despite an organized military assault by Communist forces. There has been considerable success in curbing human rights abuses from the far right and within the military. We will continue to support the Government of El Salvador in its efforts.

In Nicaragua, the Sandinistas still seek to consolidate their totalitarian control and regional hegemony. The press and church remain harassed. Political opponents are jailed. And the economy continues in a downward spiral while the Sandinistas maintain by far the largest army in Central America. A just peace can come to Nicaragua only when the Sandinistas negotiate in good faith with the democratic resistance and the civic opposition, and cease to threaten the neighboring Central America democracies.

In Central America, the United States Government continues to support the Esquipulas II agreement in all of its provisions, which include provisions calling for democratic freedom of the press; labor rights; freedom for opposition groups to organize, hold meetings, demonstrations, etc. We believe that all the commitments, including those to democracy, must be complied with if there is to be lasting peace in the region. In verifying compliance with all the principles of Esquipulas II, there also needs to be an enforcement mechanism to promote adherence to its provisions, particularly concerning democracy and cessation of support for subversive groups in the region. In this regard, economic aid to Nicaragua should be conditioned on actual performance, not just on words but deeds.

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446. Editorial Note

Following the Nicaraguan Foreign Minister's letter to the U.N. Secretary-General, March 3, requesting the establishment of a group of observers to verify the Nicaraguan electoral process, the Secretary-General and Nicaraguan Government soon agreed on the terms of reference for the establishment of a U.N. Observer Mission for the Verification of the Elections in Nicaragua (ONUVEN). The Secretary-General notified the President of the U.N. General Assembly on July 6 that a mission would be established. (U.N. doc. A/FF/375)

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[7] Source: *Weekly Compilation of Presidential Documents*, March 6, 1989, p. 237. Chinese newspaper *Xinhua* submitted questions for President Bush on February 16, and the Office of the Press Secretary to the President released to the press the questions and his responses on February 25.

The mission was established on August 25 and its functions coincide with the three phases of the electoral process. The First Phase, August 25 through December 3, corresponds to the organization and mobilization phase of the Nicaraguan electoral process. The Second Phase, December 4, 1989, through February 20, 1990, coincides with the electoral campaign proper. The Third Phase covers the last 5 days prior to, and including, the February 25 elections. Elliot Richardson was appointed by the Secretary-General as his Personal Representative for the verification of the elections in Nicaragua. (U.N. doc. A/44/642, October 17, 1989)

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447. Bipartisan Accord on Central America

Accord Signed by President Bush and the Congressional Leadership, March 24, 1989[8]

The Executive and the Congress are united today in support of democracy, peace, and security in Central America. The United States supports the peace and democratization process and the goals of the Central American Presidents embodied in the Esquipulas Accord. The United States is committed to working in good faith with the democratic leaders of Central America and Latin America to translate the bright promises of Esquipulas II into concrete realities on the ground.

With regard to Nicaragua, the United States is united in its goals: democratization; an end to subversion and destabilization of its neighbors; an end to Soviet bloc military ties that threaten U.S. and regional security. Today the Executive and the Congress are united on a policy to achieve those goals.

To be successful the Central American peace process cannot be based on promises alone. It must be based on credible standards of compliance, strict timetables for enforcement, and effective ongoing means to verify both the democratic and security requirements of those agreements. We support the use of incentives and disincentives to achieve U.S. policy objectives.

We also endorse an open, consultative process with bipartisanship as the watchword for the development and success of a unified policy towards Central America. The Congress recognizes the need for consistency and continuity in policy and the responsibility of the Executive to administer and carry out that policy, the programs based upon it, and to conduct American diplomacy in the region. The Executive will consult regularly and report to the Congress on progress in meeting the goals of the peace and democratization process, including the use of assistance as outlined in this Accord.

Under Esquipulas II and the El Salvador Accord, insurgent forces are supposed to voluntarily reintegrate into their homeland under safe, democratic conditions. The United States shall encourage the Government of Nicaragua and the Nicaraguan Resistance to continue the cessation of hostilities currently in effect.

To implement our purposes, the Executive will propose and the bipartisan leadership of the Congress will act promptly after the Easter recess to extend humanitarian assistance at current levels to the Resistance through February 28, 1990, noting that the Government of Nicaragua has agreed to hold new elections under international supervision just prior to that date. Those funds shall also be available to support voluntary reintegration or voluntary regional relocation by the Nicaraguan Resistance. Such voluntary reintegration or voluntary regional relocation assistance shall be provided in a manner supportive of the goals of the Central American nations, as expressed in the Esquipulas II Agreement and the El Salvador Accord, including the goal of democratization within Nicaragua, and the reintegration plan to be developed pursuant to those accords.

We believe that democratization should continue throughout Central America in those nations in which it is not yet complete with progress towards strengthening of civilian leadership, the defense of human rights, the rule of law and functioning judicial systems, and consolidation of free, open, safe, political processes in which all groups and individuals can fairly compete for political leadership. We believe that democracy and peace in Central

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[8] Source: *Weekly Compilation of Presidential Documents*, March 27, 1989, pp. 420–421. The accord was signed at the White House.

America can create the conditions for economic integration and development that can benefit all the people of the region and pledge ourselves to examine new ideas to further those worthy goals.

While the Soviet Union and Cuba both publicly endorsed the Esquipulas Agreement, their continued aid and support of violence and subversion in Central America is in direct violation of that regional agreement. The United States believes that President Gorbachev's impending visit to Cuba represents an important opportunity for both the Soviet Union and Cuba to end all aid that supports subversion and destabilization in Central America as President Arias has requested and as the Central American peace process demands.

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448. U.S. "Speaking With One Voice" on Central America

Statement by President Bush, March 24, 1989[9]

THE PRESIDENT. Well, let me first welcome the congressional leadership—Speaker, Majority Leader, and Senator Dole, Senator Michel, Congressman Foley—to the White House.

In my Inaugural Address, I advocated a bipartisan foreign policy;[10] and today we, the Executive and the Congress, Republicans and Democrats, will be speaking with one voice on an extremely important foreign policy issue: Central America. We've signed today in the Cabinet Room a bipartisan accord on Central America which sets out the broad outlines of U.S. policy toward the region.[11] We're seeking the same goals as those of the people of Central America: democracy, security, and peace.

In order to meet the challenge of realizing those goals, we must work together with Latin American democratic leaders, with the support of our European friends. Under the Esquipulas accord, insurgent forces have the right to reintegrate into their homeland under safe, democratic conditions with full civil and political rights, and that is the desire of the Nicaraguan resistance.

To achieve our objectives, the bipartisan leadership of Congress has agreed to support my request for continued humanitarian assistance at current levels through the elections in Nicaragua scheduled for February 28, 1990. We do not claim the right to order the politics of Nicaragua; that is for the Nicaraguan people to decide. The Esquipulas accord requires a free, open political process in which all groups can participate. The playing field must be level. The burden of proof is on the Sandinista government to comply with the promises that it has made since 1979. And if they comply, we have an opportunity to start a new day in Central America.

The Soviet Union also has an obligation and an opportunity to demonstrate its "new thinking." In other regional conflicts, it's adopted a welcome new approach, but in Central America, what we've seen to date is only "old thinking." The Soviet Union has no legitimate security interests in Central America; the United States has many. We reject any doctrine of equivalence in the region. The Soviet Union and Cuba have an obligation to stop violating the provisions of Esquipulas.

Some see violence and despair in Central America, but I have a different view of its future. I can see a democratic Central America in which all nations in the region live in peace, where resources are devoted to social ends instead of military defense. I hope the Esquipulas accord and the bipartisan accord that we've signed here will someday be seen as the first step toward that future.

And now I'd like to ask Secretary Baker to say a word, and then I think the leaders would each like to say something. And they will respond to your questions.

Mr. Secretary, and thank you gentlemen, very much. Mr. Speaker, thank you, sir.

SPEAKER WRIGHT. It's been a pleasure.

THE PRESIDENT. Bob, thank you.

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[9] Source: *Weekly Compilation of Presidential Documents*, March 27, 1989, pp. 419–420. The President spoke at 10:25 a.m. in the Briefing Room at the White House.

[10] For extracts from President Bush's January 20, 1989, inaugural address, see Document 2.

[11] *Supra.*

Reporter. Mr. President, does this mean the end of the war in Nicaragua?

The President. I'd refer the questions to the leadership and to the Secretary of State.

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449. A Bipartisan Consensus on U.S. Policy Toward Central America

Statements by Secretary of State Baker and the Congressional Leadership, March 24, 1989[12]

Secretary Baker. Ladies and gentlemen, I think if you examine American foreign policy throughout the post-war era, one truth certainly shines through. From President Truman's support for NATO to President Reagan's INF Agreement,[13] every important achievement has enjoyed sustained bipartisan support. A bipartisan foreign policy is based on honest and honorable discussion and debate. It's not based on suppressing legitimate differences. In the end, it is also, I think, based on a recognition that we are, after all, one people, we are one nation, and we must have one consistent foreign policy.

Today we've taken the first important steps toward building a successful bipartisan policy in Central America. If asked to summarize that policy in one word, I would say democracy. Together we want the people of Nicaragua, as well as all others in Central America, to be able to participate freely and fully in democracy. And now, together, the executive branch and the Congress will work to ensure that the promises of democracy in Nicaragua become democracy in fact.

I want to salute the Speaker, the other leaders here, and many, many others in the Senate and the House whose dedication and hard work and perseverance made this agreement possible. They have performed as leaders in the very best sense of that term.

Speaker.

Speaker Wright. Secretary, thank you very much. I want to express my personal appreciation to Secretary Baker and to each of my colleagues here, as well as many other colleagues, Democratic and Republican alike, and the work that they have contributed toward the production of this unified approach.

We began talking a very long while ago it seems. It was two days after the election that I had a conversation with President Bush—then President-elect Bush—and we discussed the possibility of a bipartisan policy in Central America. Secretary Baker and I had dinner together in December and discussed that subject then. Subsequently, Secretary Baker has devoted many, many productive and useful hours through consultation with Democratic and Republican members of the Congress, of the House and the Senate. And I want to salute him for the diligence, the perseverance, the skill and the intelligence that he has brought to this task. He's done splendid work and deserves to be recognized for it.

Bipartisan foreign policy is something that's essential to a nation of our type. It begins with consultation and a necessary ingredient is mutual trust. I think we're restoring that necessary ingredient. This is an agreement of historic proportions in which, in a bipartisan way, the Congress and the administration give our unequivocal support to the elected leaders in Central America in their search for peace and democracy, and we seek to help them. And to that end I pledge my help, and I know that my colleagues here on the platform and those for whom we speak will be united.

There was an old saying, I think attributed to the late Senator Vandenberg, that if you want us with you on the landing, Mr. President, bring us along with you on the takeoff. The administration has done this, and for that, I expressed to them my appreciation and pledged to them my help and my support.

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[12] Source: White House Press Release, March 24, 1989, Office of the Press Secretary to the President. The statements were made at the outset of a press conference which began at 10:30 a.m. in the Briefing Room of the White House.

[13] For text of the Intermediate-Range Nuclear Forces Treaty, which includes a Memorandum of Understanding, two Protocols, and an Annex, signed by the United States and the Soviet Union in Washington on December 8, 1987, entered into force June 1, 1988, see *International Legal Materials*, Vol. 27, No. 1 (1988), pp. 90–198.

Majority Leader Mitchell. This is an important agreement with respect both to the general formulation of foreign policy in this administration and the specifics of American policy in Central America. I commend the President and the Secretary of State for their willingness to engage in meaningful consultation with the Congress.

I congratulate the many members of Congress, Democrats and Republicans, Senators and Representatives, who responded in a way that brings unity to a policy that was, for most of this decade, the subject of bitter division.

In addition to those present here, I believe Senator Dodd and Representative Bonior deserve special mention for their constructive roles in this effort.

The words of this agreement place the United States squarely in support of the peace and democratization process undertaken by the Central American Presidents. I trust the President and the Secretary of State to give life and content to those words in the implementation of this agreement.

The agreement provides for the continuation of nonlethal humanitarian aid to the Nicaraguan resistance at current levels through February 1990, the date for new elections in Nicaragua. Those funds may be used for voluntary reintegration or regional relocation of members of the resistance in a manner supportive of the peace process undertaken by the Central American Presidents. We believe this to be the policy best calculated to achieve our common objective in the region.

If we have learned anything from the divisions of this decade over Central America it should be that in our democracy, no public policy can be sustained over time unless it is clearly stated and broadly supported. This agreement is the essential first step in establishing such a policy in Central America. The administration deserves credit for recognizing this need and for taking the initiative to meet it. The Congress deserves credit for responding to that initiative in a constructive way.

The people of Central America want what people want throughout the world—peace, justice, opportunity, the right to determine their own future. It is in our national interest to help them achieve the goals. This agreement moves us in that direction.

Representative Michel. Well, let me simply say that I think it's more important that you hear from our Democratic colleagues in the Congress. Congress is controlled by the opposition party in both Houses. But this is a very important decision on their part and we're most appreciative of their conciliatory and cooperative attitude in dealing with the administration in crafting a new policy for Central America.

It's been a very contentious item for us to have dealt with over the last several years—one in which—rather traumatic on occasions. And to have the new President in concert with the new Secretary of State to set forth now a longer-range, broader approach here that we might all join hands together in supporting, I want to applaud my Democratic colleagues for their attitude and, yes, obviously, for the administration and what they've now given us—some real sense of direction. And I'm sure eventually we'll be able to put it all together when the time comes. Thank you.

Senator Dole. Well, I want to commend the President, the Secretary of State, and all the others who have been working on this. It does make us a player in the area again, which I think is very important.

I must add that not every Republican Senator is enthusiastic about this proposal and, of course, there will have to be language drafted now and we'll have to get a bill through the Congress. But it seems to me that it's in our interest to support this agreement, and I commend my colleagues on both sides of the aisle, as I do the Secretary of State and the President, for taking the initiative.

Some of our colleagues have concerns about relocation, about the length of the agreement, whether it's 7 months or 10 months, and whether or not we're setting up another phase here where you could eliminate or take care of the *Contras* by relocation rather than support for the *Contras* directly or through democracy in Nicaragua.

But in my view, we've got a good agreement. And it's important, it's very timely. As I understand—the Secretary would know better—there may be meetings going on next week. This will certainly be recognized as a positive step by our government and, to me, that's very important.

CONGRESSMAN FOLEY. Well, it's, of course, for me to merely echo many of the things that have already been said, and congratulate the President and the Secretary of State. I think this is perhaps even an historic agreement. We have had, as the Secretary mentioned, a broad bipartisan consensus in all the important achievements of foreign policy since the end of World War II. There have been some noticeable and regrettable exceptions. And one of them deals with special problems in Central America—in trying to bring together a core policy which will not, of course, receive the support of every member of Congress, Democrat or Republican, but will receive, we hope, this core support and signal to the hemisphere and to the world that the United States has developed an approach to Central America which is truly bipartisan. I think we are on the verge of some extremely important movement that may have its influence in other foreign policy areas, as well.

The emphasis on support of the peace process and achieving the goals of the Central American Presidents is very prominent in this agreement. The emphasis on attempting to achieve goals of democratization in Central America, in furthering peace and reconciliation, in moving toward diplomatic efforts and away from military conflict, and in providing for the possibility for voluntary relocation under conditions which we hope and trust will be a Nicaragua marked by democracy and opportunity for all is an important aspect of this agreement, as well.

So we're very happy and I think we're confident that we can move forward from here to other actions between the Congress and the Executive in foreign policy which will reflect that high spirit of bipartisan achievement.

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450. Editorial Note

On March 31, the Foreign Ministers of the five Central American nations requested the U.N. Secretary-General to establish a U.N. Observer Force Mission in Central America (ONUCA). (U.N. doc. S/20642, May 18, 1989) ONUCA's mandate would be to verify the cessation of aid to irregular forces and insurrectional movements, and nonuse of territory of one State for attacking other States. Honduras conditioned its signature upon Nicaragua dropping a case against Honduras before the International Court of Justice. Pérez de Cuéllar responded that since he had no control over the fulfillment of this condition, he could neither send a reconnaissance mission to the region, nor formally propose to the U.N. Security Council that ONUCA be established. (U.N. doc. S/20643, May 18, 1989)

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451. Soviet Central American Policy

Press Briefing by the President's Press Secretary (Fitzwater), April 5, 1989[14]

We listened carefully to what President Gorbachev had to say in Havana yesterday. While his words about not exporting revolution are welcomed, they are not matched by deeds which would give those words credence.

Today we call upon the Soviets to cut off their half-billion-dollar annual military aid to Nicaragua. The Soviets continue to pour arms into Nicaragua, a country whose army is already larger than those of all their neighbors combined. This is hard to fathom. It is a key issue in resolving the conflict in Central America. Our bipartisan plan for peace in Central America has the support of the Central American democracies. It is time for the Soviet Union to join us in supporting that plan.

If President Gorbachev means his words, the Soviets should demonstrate through their behavior that they are adhering to this principle, and they should pressure their client states and revolutionary groups that they support to do the same. We note that the Soviets and Cuba have concluded a friendship treaty that apparently commits both parties to the peaceful resolution of conflicts in the region. We trust that the Soviets will follow these words with concrete actions.

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[14] Source: *Weekly Compilation of Presidential Documents*, April 10, 1989, pp. 489–490. Fitzwater read the statement to reporters assembled in the Briefing Room at the White House during his daily press briefing, which began at 1:32 p.m.

We believe, however, that to demonstrate his commitment to Esquipulas, President Gorbachev could have proposed a cutoff of military supplies to all irregular forces in the region. That is what Esquipulas calls for: an end to outside support to the guerrilla forces. This would have suggested a "new thinking" in Central America.

The United States is in compliance with Esquipulas. We are not providing military aid to the Nicaraguan resistance. The Soviet bloc, particularly Nicaragua and Cuba, continue to supply military and logistical support to the FMLN and other irregular forces in Central America.

As the President and the Secretary of State have said, we reject the idea of equivalence between legitimate U.S. interests and the Soviet presence in Central America. We provide support, including military assistance, to the democratic Governments of Central America. These governments are not involved in subversion of their neighbors.

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452. Implementation of the Bipartisan Accord on Central America

Public Law 101–14, April 18, 1989 (Extracts)[15]

AN ACT

To implement the Bipartisan Accord on Central America of March 24, 1989.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. POLICY.

The purpose of this Act is to implement the Bipartisan Accord on Central America between the President and the Congress signed on March 24, 1989.

SEC. 2. ADDITIONAL HUMANITARIAN ASSISTANCE.

(a) Transfer of Funds.—The President may transfer to the Agency for International Development, from unobligated funds from the appropriations accounts specified in section 6—

(1) up to $49,750,000, to provide humanitarian assistance to the Nicaraguan Resistance, to remain available through February 28, 1990;

(2) such funds as may be necessary to provide transportation in accordance with section 3 for assistance authorized by paragraph (1); and

(3) not to exceed $5,000,000 to "Operating Expenses of the Agency for International Development" to meet the necessary administrative expenses to carry out this Act, to remain available through March 31, 1990.

(b) Definition.—For purposes of this section and section 3, the term "humanitarian assistance" means—

(1) food, clothing, and shelter;

(2) medical services, medical supplies, and nonmilitary training for health and sanitation;

(3) nonmilitary training of the recipients with respect to their treatment of civilians and other armed forces personnel, in accordance with internationally accepted standards of human rights;

(4) payment for such items, services, and training;

(5) replacement batteries for existing communications equipment; and

(6) support for voluntary reintegration of and voluntary regional relocation by the Nicaraguan Resistance.

SEC. 3. TRANSPORTATION OF HUMANITARIAN ASSISTANCE.

(a) In General.—The transportation of humanitarian assistance on or after the date of enactment of this Act which, before such date, was specifically authorized by law to be provided to the Nicaraguan Resistance, or which is authorized to be provided by section 2, shall be arranged solely by the Agency for International Development in a manner consistent with the

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[15] Source: 103 Stat. 37.

Bipartisan Accord on Central America between the President and the Congress signed on March 24, 1989.

(b) Prohibition on Mixed Loads.—Transportation of any military assistance, or of any assistance other than that specified in section 2(b), is prohibited.

SEC. 4. MEDICAL ASSISTANCE.

The President may transfer, in addition to funds transferred prior to March 31, 1989, to the Administrator of the Agency for International Development from unobligated funds from appropriations accounts specified in section 6, up to $4,166,000, to be used only for the provision of medical assistance for the civilian victims of the Nicaraguan civil strife to be transported and administered by the Catholic Church in Nicaragua.

. . . .

SEC. 6. SOURCE OF FUNDS; AND RESCISSION.

(Including Transfers and Rescission)

(a) Source of Funds.—The appropriations accounts from which funds may be transferred pursuant to sections 2 and 4 are the following accounts in amounts not to exceed the following:

(1) Missile Procurement, Army, 1988, $3,500,000.

(2) Procurement of Weapons and Tracked Combat Vehicles, Army, 1987, $12,739,000.

(3) Other Procurement, Army, 1988, $761,000.

(4) Research, Development, Test and Evaluation, Air Force, 1988, $1,902,000.

(5) Weapons Procurement, Navy, 1989, $2,000,000.

(6) Research, Development, Test and Evaluation, Navy, 1989, $13,400,000.

(7) Other Procurement, Air Force, 1987, $32,300,000.

(b) Rescission.—Of the funds available for Research, Development, Test and Evaluation, Navy, 1989, $10,600,000 is hereby rescinded.

SEC. 7. PROHIBITION ON THE USE OF CERTAIN FUNDS.

(a) Military Operations.—No funds available to any agency or entity of the United States Government under this Act may be obligated or expended pursuant to section 502(a)(2) of the National Security Act of 1947 for the purpose of providing funds, matériel, or other assistance to the Nicaraguan Resistance to support military or paramilitary operations in Nicaragua.

(b) Human Rights and Other Violations.—No assistance under this Act may be provided to any group that retains in its ranks any individual who has been found to engage in—

(1) gross violation of internationally recognized human rights (as defined in section 502(B)(d)(1) of the Foreign Assistance Act of 1961); or

(2) drug smuggling or significant misuse of public or private funds.

SEC. 8. STANDARDS, PROCEDURES, CONTROLS, AND OVERSIGHT.

(a) Accountability Standards, Procedures, and Control.—In implementing this Act, the Agency for International Development, and any other agency of the United States Government authorized to carry out activities under this Act, shall adopt the standards, procedures, and controls for the accountability of funds comparable to those applicable with respect to the assistance for the Nicaraguan Resistance provided under section 111 of the joint resolution making further continuing appropriations for the fiscal year 1988 (Public Law 100-202)[16] and Title IX of Public Law 100-463.[17] Any changes in such standards, procedures, and controls shall be developed and adopted in consultation with the committees designated in subsection (b).

(b) Congressional Oversight.—Congressional oversight within the House of Representatives and the Senate with respect to assistance provided by this Act shall be within the jurisdiction of the Committees on Appropriations of the House of Representatives and Senate, the Committee on Foreign Affairs of the House of Representatives, the Committee on Foreign Relations of the Senate, the Permanent Select Committee on Intelligence of the House of Representatives, and the Select Committee on Intelligence of the Senate.

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[16] Foreign Operations, Export Financing, and Related Programs Appropriations Act, approved December 22, 1987: 101 Stat. 1329-173.

[17] Department of Defense Appropriations Act, 1989, approved October 1, 1988; 102 Stat. 2270-49.

(c) Extension of Previous Provisions.—The provisions of the Act of April 1, 1988 (Public Law 100–276), contained 'in subsections (b), (d), and (e) of section 4 and in section 5 shall apply to the provision of assistance under this Act except that section 4(d) shall not apply to the Intelligence Community.[18]

SEC. 9. PROHIBITION.

Except as provided in this Act, no additional assistance may be provided to the Nicaraguan Resistance, unless the Congress enacts a law specifically authorizing such assistance.

SEC. 10. REPEAL.

Title IX of Public Law 100–463 is hereby repealed.

SEC. 11. REPORTING REQUIREMENTS.

The Secretary of State shall consult regularly with and report to the Congress on progress in meeting the goals of the peace and democratization process, including the use of assistance provided in this Act.

Approved April 18, 1989.

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453. Continuation of National Emergency With Respect to Nicaragua

Notice by President Bush, April 21, 1989[19]

On May 1, 1985, by Executive Order No. 12513,[20] President Reagan declared a national emergency to deal with the threat to the national security and foreign policy of the United States constituted by the situation in Nicaragua. On April 25, 1988, the President announced the continuation of that emergency beyond May 1, 1988.[21] Because the actions and policies of the Government of Nicaragua continue to pose an unusual and extraordinary threat to national security and foreign policy of the United States, the national emergency declared on May 1, 1985, and subsequently extended, must continue in effect beyond May 1, 1989. Therefore, in accordance with section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)), I am continuing the national emergency with respect to Nicaragua. This notice shall be published in the *Federal Register* and transmitted to the Congress.

GEORGE BUSH

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[18] 102 Stat. 62.

[19] Source: *Weekly Compilation of Presidential Documents*, April 24, 1989, p. 595. The notice was filed with the Office of the Federal Register, 4:55 p.m., April 21. It was also sent as an enclosure to President Bush's letter to the Speaker of the House and President of the Senate on the continuation of the national emergency with respect to Nicaragua, April 21. For text of the letter, see *ibid.*, pp. 595–596.

[20] For text, see *American Foreign Policy: Current Documents, 1985*, pp. 999–1000.

[21] For text, see *Weekly Compilation of Presidential Documents*, May 2, 1988, p. 526.

454. U.N. Security Council Adoption of Central American Resolution

Resolution 637 (1989), Adopted by the U.N. Security Council, July 27, 1989[22]

The Security Council,

Recalling its resolutions 530 (1983) of 19 May 1983 and 562 (1985) of 10 May 1985 and General Assembly resolutions 38/10 of 11 November 1983, 39/4 of 26 October 1984, 41/37 of 18 November 1986, 42/1 of 7 October 1987 and 43/24 of 15 November 1988, as well as the initiative that the Secretary-General of the United Nations undertook on 18 November 1986 together with the Secretary-General of the Organization of American States,

Convinced that the peoples of Central America wish to achieve a peaceful settlement to their conflicts without outside interference, including support for irregular forces, with respect for the principles of self-determination and non-intervention while ensuring full respect for human rights,

Taking note of the report of the Secretary-General of 26 June 1989 submitted in pursuance of Security Council resolutions 530 (1983) and 562 (1985) (S/20699),

Recognizing the important contribution of the Contadora Group and its Support Group in favour of peace in Central America,

Welcoming the agreement signed at Guatemala City on 7 August 1987 by the Presidents of the Republics of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua as the manifestation of the will of the peoples of Central America to achieve peace, democratization, reconciliation, development and justice, in accordance with their decision to meet the historical challenge of forgoing a peaceful destiny for the region,

Welcoming the subsequent Joint Declarations issued by the Central American Presidents on 16 January 1988 in Costa Rica and on 14 February 1989 in El Salvador,

Aware of the importance which the Central American Presidents attach to the role of international verification as an essential component for the implementation of the above-mentioned instruments, including, in particular, their commitments relating to regional security, especially non-use of territory to support destabilization of neighbouring countries and democratization, especially free and fair elections, as well as to the voluntary demobilization, repatriation or relocation of irregular forces, as agreed in the Tesoro Beach Agreement of 14 February 1989,

Aware also that the commitments enshrined in the Guatemala Agreement form a harmonious and indivisible whole.

Noting with appreciation the efforts undertaken to date by the Secretary-General in support of the Central American peace process, including his assistance in the establishment of appropriate mechanisms to verify compliance with the provisions of the Guatemala Agreement and of the Joint Declaration adopted by the Central American Presidents at their meeting held in El Salvador on 14 February 1989, and particularly the Secretary-General's agreement with Nicaragua to deploy a United Nations elections observer mission in that country.

1. *Commends* the desire for peace expressed by the Central American Presidents in signing on 7 August 1987 at Guatemala City the agreement on "Procedures for the establishment of a firm and lasting peace in Central America" and in the Joint Declarations subsequently signed in pursuance of it;

2. *Expresses its firmest support* for the Guatemala Agreement and the Joint Declarations;

3. *Calls upon* the Presidents to continue their efforts to achieve a firm and lasting peace in Central America through the faithful implementation of the commitments entered into the Guatemala Agreement and in the expressions of good will contained in the Joint Declaration of 14 February 1989;

4. *Appeals* to all States, in particular to those which have links with the region and interests in it, to back the political will of the Central American countries to comply with the provisions of the Guatemala Agreement and of the Joint Declaration, particularly that regional and extra-re-

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[22] Source: U.N. Security Council Resolution 637 (1989). The resolution was adopted unanimously.

gional Governments which either openly or covertly supply aid to irregular forces or insurrectional movements in the area immediately halt such aid, with the exception of the humanitarian aid that contributes to the goals of the Tesoro Beach Agreement of 14 February 1989;

5. *Lends* its full support to the Secretary-General to continue his mission of good offices in consultation with the Security Council in support of the Central American Governments in their effort to achieve the goals set forth in the Guatemala Agreement;

6. *Requests* the Secretary-General to report to the Security Council regularly on the implementation of the present resolution.

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455. Tela Agreement

Agreement by the Presidents of Central America, Puerto de Tela, Honduras, August 7, 1989[23]

The Central American Presidents, meeting in the city of Puerto de Tela, Republic of Honduras, on August 5, 6, and 7, 1989, taking into account and acknowledging the important work done by the Executive Committee at its IX meeting and by the technical working group, whose efforts made it possible to hold this meeting.

Considering:

That the steps agreed upon at Esquipulas II must be carried out to achieve a secure and lasting peace, as well as to comply with the commitments made by the Presidents in their declarations and agreements in Alajuela and Costa del Sol.

Decide:

1. To ratify their determination to promote all actions aimed at compliance with points 5 and 6 of the Esquipulas Agreement in order to avoid the use of their territories to destabilize the governments of the Central American countries. To that end, they signed the joint plan for demobilization, repatriation or voluntary relocation in Nicaragua and other countries of the members of the Nicaraguan resistance and their families, as well as assistance for the demobilization of all persons involved in armed actions in the countries of the region, when they voluntarily so request.[24]

2. To promote directly the mutually agreed upon solution of any disputes that might arise among the Central American countries, for which reason they supported the agreement between Honduras and Nicaragua regarding the suit filed with the Court of The Hague,[25] to which the Presidents of Guatemala, El Salvador, and Costa Rica give their moral support.

3. To join in urging the armed groups in the region, particularly the FMLN, that are still engaged in the use of force, to cease such activities, for which purpose Chapter III of the Assistance for the Voluntary Demobilization of the FMLN was approved, which strongly urges the FMLN to undertake an immediate and effective cessation of hostilities and to enter into a dialogue leading to the abandonment of armed struggle and to the incorporation of FMLN members into institutional and democratic life.

4. The Presidents acknowledge the efforts of the Government of Guatemala to strengthen its national reconciliation process through a broad and ongoing dialogue in which the National Reconciliation Commission plays a leading part. They also express the wish that this dialogue may consolidate the democratic, pluralist and participative process in keeping with heading 1 of the Esquipulas Procedure and domestic legislation. They repeat their call to the armed groups to give up their operations, which are at odds with the spirit of this agreement, and to join in the institutional political process through national reconciliation.

5. To request the United Nations to take the necessary steps to set in motion the machinery for security verification, inasmuch as Honduras and Nicaragua have come to an agreement that includes the withdrawal by Honduras of its reservation so that the plan may be set in motion, and Honduras has repeated its request for the

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[23] Source: OAS doc. CP/INF.2857/89, August 14, 1989.

[24] Text of the Joint Plan is *infra*.

[25] For text of the Honduran-Nicaraguan agreement, August 7, see OAS doc. CP/INF.2857/89, August 14, 1989.

sending of an international peace force to its territory.

6. To ratify the convocation by the Executive Commission in its IX meeting to the Central American Commission on the Environment and Development to hold its first meeting in Guatemala City on August 30 and 31 in order to commence the drafting of an agreement on its nature and functions.

7. To reiterate the importance of the Central American Parliament as a forum where the peoples of the area will discuss and frame recommendations on political, economic, social and cultural problems of Central America, which makes it imperative that its establishing agreement go into effect as soon as possible.

8. To condemn energetically the traffic in and use of drugs. The Presidents of Central America commit themselves to the enactment of laws and to drastic measures to prevent our countries from becoming bases for drug traffickers. In quest of these objectives regional and international cooperation will be sought, agreements will be signed with countries affected by this illegal traffic, and action will be taken to bring the drug traffic under real control.

9. The Central American Presidents agree to give the Executive Commission the task of discussing and approving the document on political verification, which will be ratified by the Presidents not later than their next meeting.

On the second anniversary of the signing of the Peace Plan of Esquipulas II, the Presidents of Costa Rica, El Salvador, Honduras and Nicaragua reassert their firm resolve to carry out fully all the undertakings and agreements stipulated in the Guatemala Procedure and the Declarations of Alajuela and Costa del Sol, and particularly those that relate to the strengthening of democratic processes, for which strict compliance with the agreements concluded is essential.

The Central American Presidents have agreed to meet before the end of the year in the Republic of Nicaragua.

The Central American Presidents thank the people and Government of Honduras, and most particularly their President, Mr. José Azcona Hoyo, for their hospitality.

Tela, Honduras, August 7, 1989.

OSCAR ARIAS SÁNCHEZ
President of the Republic of Costa Rica

ALFREDO CRISTIANI BURKHARD
President of the Republic of El Salvador

VINICIO CEREZO ARÉVALO
President of the Republic of Guatemala

JOSÉ AZCONA HOYO
President of the Republic of Honduras

DANIEL ORTEGA SAAVEDRA
President of the Republic of Nicaragua

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456. Joint Plan for the Voluntary Demobilization, Repatriation, or Relocation of the Nicaraguan Resistance

Joint Plan by the Presidents of Central America, Puerto de Tela, Honduras, August 7, 1989[26]

The Presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua,

Honoring their historic commitment to the attainment of firm and lasting peace in Central America,

Recalling the Guatemala Procedure, adopted on August 7, 1987, and the Declarations of Alajuela and Costa del Sol,

Pursuant to Resolution 637 adopted unanimously by the United Nations Security Council on July 27, 1989,[27]

In order to advance toward attainment of the objectives of the peace process in Central America and as an example of their firm commitment to full observance of the principles of international law, have agreed upon this joint plan for the demobilization and voluntary repatriation or relocation of members of the Nicaraguan

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[26] Source: OAS doc. CP/INF.2857/89, August 14, 1989. This plan is formally known as Joint Plan by the Central American Presidents for the Demobilization and Voluntary Repatriation or Relocation in Nicaragua and Third Countries of the Members of the Nicaraguan Resistance and Their Families, and for Assistance in the Demobilization of All Persons Involved in Combat Operations in the Countries of the Region at Their Voluntary Request.

[27] Document 454.

Resistance and their families, and for assistance in the demobilization, at their voluntary request, of all persons involved in combat operations in the countries of the region.

CHAPTER I

On the Demobilization and Voluntary Repatriation or Relocation of Members of the Nicaraguan Resistance and their Families in Nicaragua or Third Countries.

INTRODUCTION

The purpose of the present chapter is to development of the agreements reached by the Presidents on this subject and also in light of:

1. The Report of the Secretary General of the Organization of American States.

2. The national political compact between the Government of Nicaragua and the 21 political parties operating in the country, which contains important agreements on the democratic process and an appeal to the Central American Presidents to approve the plan for demobilization and voluntary relocation and repatriation. This plan is to be carried out with the collaboration of international agencies, and it defines the machinery and methods for the demobilization and voluntary repatriation or relocation of the members of the Nicaraguan Resistance, and the material conditions and security that must be provided for those persons. The plan also applies to the voluntary repatriation or relocation of the families of the Nicaraguan Resistance and of Nicaraguan refugees, without prejudice to the agreements subscribed in this area.

In keeping with the Esquipulas Procedure and the Declaration of Costa del Sol, the Government of Nicaragua has stated that it is prepared to strengthen its national reconciliation and democratization processes in order to encourage the Nicaraguan Resistance to repatriate voluntarily; hence its decision to sign the present plan, which is designed to make repatriation the majority choice and relocation in third countries the exception.

The five Central American Governments affirm their commitment to bar their territory to persons, organizations and groups intent on destabilizing other states and to desist from all aid to armed groups, with the exception of humanitarian aid that advances the purposes assigned by the Presidents to this Plan.

MECHANISM

1. An International Commission of Support and Verification, hereinafter referred to as the CIAV, shall be established to implement and carry out the present Plan.[28] The Secretary General of the United Nations and the Secretary General of the Organization of American States will be invited to become the members of this Commission and to serve on it through their representatives.

2. The International Commission of Support and Verification (CIAV) must be installed within 30 days following the signature of this agreement. The five Central American Presidents urge the Nicaraguan Resistance to accept implementation of the present Plan. During the 90 days following the date of establishment of the CIAV the Government of Nicaragua and the CIAV will be in direct contact with the Nicaraguan Resistance to encourage its return to the country and its reinstatement into the political process there. At the end of this period the CIAV will present a report on the fulfillment of this Plan, which will be presented to the Central American Presidents.

3. The CIAV will be responsible for all activities that make possible demobilization and voluntary repatriation or relocation, including the reception and settlement of repatriates at their destinations. It will also ensure that the conditions are provided and maintained that are required for the repatriates to resume their places and functions in the community, and will perform such monitoring and follow-up operations as the processes may require.

4. The CIAV will act with the collaboration of the Central American Governments and will seek the support of special-

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[28] On August 25, the U.N. and OAS Secretaries-General jointly established the International Support and Verification Commission (CIAV), effective September 6. Secretary-General Pérez de Cuéllar, in an August 28 letter to President of the U.N. Security Council Paulo Nogueira-Batista (U.N. doc. S/20856), outlined the need, and requested approval, for a military component of CIAV to collect weapons and other military equipment during the demobilization process. President Nogueira-Batista, in a September 20 letter (U.N. doc. S/20857, September 21), informed Pérez de Cuéllar the Security Council had approved the military measures.

ized organizations and agencies with experience in the region, and of such others as it deems necessary, which will be officially invited by the Governments.

One of the purposes of that support will be to facilitate execution of the Plan, to which end it will include collaboration in monitoring the full exercise by repatriates of their basic rights and liberties, and in the efforts to provide for their economic security.

5. On being installed, the CIAV will immediately proceed:

A) To hold the consultations and enter into the agreements that are needed with the Government of Nicaragua, the other Central American Governments, the Nicaraguan Resistance, and officers of humanitarian organizations, as appropriate, to expedite the execution of this Plan.

B) To visit the encampments of the Nicaraguan Resistance and refugees in order:

i) to explain the scope and benefits of the present Plan;

ii) to take stock of the existing human and material resources, and

iii) to organize the distribution of humanitarian aid.

C) To take charge, to the extent possible, of the distribution, through the supporting organizations and agencies, of food supplies, medical care, apparel and other basic needs in the encampments of the Resistance, and

D) To make arrangements for the reception by third countries of those who do not desire repatriation, and to give them the necessary assistance.

6. The CIAV will issue a certificate to each Nicaraguan who accepts this Plan and will put into effect the program for the voluntary repatriation of those who wish to return to Nicaragua.

The entry and exit points will be the border posts to be set up by the Governments by mutual agreement. At those posts the Government of Nicaragua, in the presence of representatives of the CIAV, will issue the documents required to ensure to the repatriates the full exercise of their civil rights.

At the same time, the Commission will begin the relocation in third countries, within the term for execution of the present Plan, of those who do not wish repatriation. To this end the Government of Nicaragua, with the cooperation of the CIAV, will facilitate the issuance of passports to those who request them.

The five Presidents exhort the international community to provide financial support to the present demobilization plan.

PROCEDURES

7. As soon as it is installed, the CIAV will establish the procedures for the reception, in compliance with the Plan for Demobilization and Voluntary Repatriation to Nicaragua or Relocation in Third Countries, of the weapons, equipment and military supplies of the members of the Nicaraguan Resistance, which will remain in its custody until the five Presidents decide on their disposal.

8. The CIAV will verify the dismantling of the encampments vacated by the Nicaraguan Resistance and refugees.

9. If circumstances permit, the repatriates will be escorted by the CIAV directly to their places of final settlement, which will be chosen by mutual agreement between the Government of Nicaragua and the CIAV. For these purposes areas of temporary residence may be established in Nicaragua under the control and supervision of the CIAV until the place of final settlement is determined.

Lands will be assigned and economic aid and technical assistance provided to repatriates who desire to engage in farming as possibilities of the Government of Nicaragua allow, on the basis of the experience of the specialized international agencies, and in keeping with the amount of the funds obtained for the purpose.

10. With the collaboration of the Government of Nicaragua the CIAV will establish reception centers with facilities for the provision of basic services, first aid, family guidance, monetary aid, transportation of settlement areas, and other social services.

11. To provide the assurances that may be appropriate for the safety of the repatriates, from the beginning of the program the CIAV will establish monitoring offices in such manner that individuals may report, as necessary, any nonfulfillment of

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the guarantees offered for their repatriation. These offices will operate for such time as the CIAV, in consultation with the Central American Governments, may consider necessary.

Staff of these offices will make periodic visits to repatriates to verify fulfillment of the Plan and compose reports thereon, which are to be sent by the CIAV to the five Presidents of Central America.

12. Situations not envisaged in this chapter will be resolved by the CIAV in consultation with the Central American Governments and with the institutions and persons involved.

CHAPTER II

Assistance in the demobilization, at their voluntary request, of all persons involved in combat engagements in the countries of the region.

The purpose of the present chapter is assistance in the demobilization at their voluntary request, of all persons involved in combat operations in the countries of the region. These persons are to be demobilized in accordance with the procedures of Esquipulas II and the domestic legislation and authorities of the country concerned.

For purposes of guaranteeing that assistance, the CIAV may be officially invited by the Central American Governments.

CHAPTER III

Assistance in the voluntary demobilization of the members of the FMLN.

In accordance with the Guatemala Procedure and the Declarations of Alajuela and Costa del Sol, and to help bring to an end the armed conflict in the Republic of El Salvador, the Governments of Costa Rica, Guatemala, Honduras and Nicaragua reassert their firm conviction of the need for an immediate and real cessation of hostilities in that sister country. Accordingly, they vehemently urge the Farabundo Martí National Liberation Front (FMLN) to engage in a constructive dialogue for the attainment of a just and lasting peace. Similarly, the said Governments urge the Government of El Salvador to negotiate with full guarantees and in the spirit of section II of the Guatemala Procedure for restoration of the members of the FMLN to life in peace.

The Government of El Salvador reaffirms unconditional adherence to its commitments to national reconciliation and its resolve to continue strengthening the process of pluralistic, participative and representative democratization already in progress in the country, which is promoting social justice and full respect for all the human rights and fundamental liberties of Salvadorans.

Once it has been agreed that the FMLN is to lay down its arms and return to life in institutional and democratic society, a dialogue will be undertaken for the demobilization of its members following the procedure established in Chapter I of the present Plan as applicable and with such changes as circumstances may require to facilitate their demobilization.

The foregoing notwithstanding, the members of the FMLN who at any time voluntarily decide to lay down their arms and resume their places in the political and civil life of El Salvador may also enjoy the benefits of this Plan. To this end the Government of El Salvador, acting through the CIAV and appropriate local and international authorities, will urge those persons to apply for and receive the benefits herein established using all appropriate means available.

Agreed and subscribed to in the city of Puerto de Tela, Republic of Honduras, on the seventh day of August, 1989.

OSCAR ARIAS SÁNCHEZ
President of the Republic of Costa Rica

ALFREDO CRISTIANI
President of the Republic of El Salvador

VINICIO CEREZO ARÉVALO
President of the Republic of Guatemala

JOSÉ AZCONA HOYO
President of the Republic of Honduras

DANIEL ORTEGA SAAVEDRA
President of the Republic of Nicaragua

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457. Editorial Note

In accordance with U.N. Security Council Resolution 637 (1989) (Document 454), Pérez de Cuéllar, in his October 11, 1989, "Report of the Secretary-General" (U.N. doc. S/20895), proposed to the U.N. Security Council the establishment of a U.N. Observer Force Mission in Central America. (See Document 450) The Secretary-General's Report was based upon the findings and conclusions of a reconnaissance mission, headed by Chief Military Observer of the U.N. Angola Verification Mission Brigadier-General Piricles Ferreira Gomes, which visited the region September 5–23. (U.N. doc. S/20895, October 11, 1989)

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458. Nicaragua's Suspension of the Cease-fire

Statement Read by the Department of State Acting Spokesman (Boucher), November 1, 1989[29]

The Central American Presidents have decided that the way to settle the conflict in Nicaragua is through free and fair elections and through national reconciliation. A declaration to resume the war by the President of Nicaragua is a blow to the peace process.[30] We hope the Government of Nicaragua will reconsider this regrettable decision which raises serious questions about his commitment to the process of elections.

It is also essential to state the facts. The Sandinista Army has violated the cease-fire from the day it was imposed. It has conducted regular offensive sweeps against the Resistance, resulting in over 100 killed in the last 5 months.

Our policy is clear. We support the cease-fire. We want to see it continued. We will cut off humanitarian assistance to Resistance forces who engage in offensive operations. This policy is being reiterated in clear and compelling terms to the Resistance in just recent days.

The answer to the conflict in Nicaragua is what Esquipulas, Tesoro Beach, and Tela require: first, free and fair elections. In recent days we've seen the Sandinista-sponsored thugs attack peaceful political rallies by the democratic opposition. These attacks must end. We hope that the suspension of the cease-fire is not an excuse by the government to step up such attacks or to intimidate the rural population through increased military activity.

To make national reconciliation work, the Government of Nicaragua should restore and respect the cease-fire, should enter into direct talks with the Resistance as the Tela Accord requires, should free political prisoners, and should agree to an independent system of verification which can ensure that basic rights and freedoms of the Resistance will be respected if they choose to voluntarily reintegrate. These are the concrete steps to achieve the goals that the Government of Nicaragua says it is seeking.

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459. U.S. Support for the Esquipulas Process

Statement by the Permanent Representative to the United Nations (Pickering), November 7, 1989[31]

The U.S. Government has supported the Esquipulas process[32] since its inception. That process, achieved by the agreement of the Central American governments themselves, has several aspects which those governments have deemed essential to restore stability, peace, and prosperity to their region. We have supported all of those elements. They are the following:

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[29] Source: Office of Press Relations, Department of State. Boucher read the statement at the Department of State Daily Press Briefing, beginning at 12:45 p.m.

[30] On October 27, while attending the centennial celebration of Costa Rican democracy in San José, President Daniel Ortega unilaterally declared an end to the cease-fire between the Government of Nicaragua and the Resistance. President Bush, who was also attending the celebration, stated the following day at a news conference: "The world, I believe, was dismayed at Mr. Ortega's announcement last night that he had unilaterally ended the cease-fire. I understand there may have been some refinements on that today, but that was what he said. And it's a shameful blow to democracy. And the fact that no mention of this came during the course of the hours of dialog that we all had—the Presidents of these democracies—demonstrates just how shameful an act it truly is." (*Weekly Compilation of Presidential Documents*, November 6, 1989, p. 1629)

[31] Source: U.S. Mission to the United Nations Press Release USUN 140–(89), November 7, 1989. Pickering's statement was released to news correspondents after the unanimous adoption of Security Council Resolution 644 (1989), which called for the immediate establishment of a U.N. Observer Force Mission in Central America (ONUCA) for a period of 6 months. Regarding the origins of ONUCA, see Document 450.

[32] See footnote 2, Document 443.

—The restoration of democracy and free and fair elections. To this end, my government was pleased to join the international community in supporting the establishment of a U.N. election monitoring mission.

—The verification of conditions necessary to permit the Nicaraguan Resistance to choose voluntarily to return with safety to participate in the political, economic, and social fabric of their country. To this end, my government supported the agreement of the Secretaries-General of the United Nations and Organization of American States (OAS) to establish International Support and Verification Commission (CIAV).

—The verification of the non-use of territory for attacks on neighboring states and the cessation of military assistance to irregular forces or insurrectionist movements. Toward this important goal, my government supports the establishment of an effective and comprehensive U.N. observer force in Central America. It is this essential element of the Esquipulas peace process that the Security Council now addresses.

It is proper that the Security Council examine this vital aspect thoroughly at this critical juncture. The prospects for peace are, since last week, at considerable variance with the spirit and letter of the agreements achieved by the five Central American governments. The shifting circumstances surrounding Security Council action must be noted with grave seriousness.

At the same time that the Security Council is devoting its energies to establish a U.N. peacekeeping operation in Central America, the Farabundo Marti National Liberation Front (FMLN) has suspended peace talks, and the Sandinista government has ended its previously stated agreement to observe the cease-fire in that country.

We all agree that progress toward peace is highly problematic while fighting continues. We urge all parties to each of the conflicts in the region to agree and immediately honor a full cessation of hostility. This is necessary not only to facilitate ONUCA's deployment, but also to establish an atmosphere conducive to achieving permanent peace.

In this vein, we hope the FMLN would reconsider its decision to suspend talks with the Government of El Salvador and would return to dialog. A cessation of hostilities is essential in El Salvador to move toward national reconciliation through negotiations to stop the mounting death toll.

The elements of Esquipulas are not a menu from which to pick and choose. The Esquipulas elements must be *embraced, adhered to*, and *verified* in their *entirety*. These elements include democratization, amnesty, national reconciliation, free elections, as well as cessation of lethal aid to irregular forces and insurgent movements and the nonuse of territory to attack other states. These are all elements of the whole of the peace process.

Nearly 2 years ago my government ceased supplying vital military support to the Nicaragua Resistance. Our humanitarian assistance program is consistent with the Esquipulas peace accords and the mandate of ONUCA that derives from them. In addition, our humanitarian assistance could be used to support the voluntary repatriation and relocation of the Nicaraguan Resistance. We believe that, given the shifting circumstances in this region, the size and capability of ONUCA should be reviewed and examined regularly, at least at the end of each development phase. It is in the interest of the Central American region and of the United Nations that ONUCA have the necessary staff and support to fulfill its mandate seriously and completely.

Verification is key to the success of the peace process. This is where ONUCA's role is essential. It is our sincere hope that ONUCA will use its resources assertively and effectively to ensure that all parties adhere to the terms of the Esquipulas agreement.

It is time to move forward on the peace process. All ingredients are essential. All must be brought along in concert. In order to move forward, no one element of the process should be pursued in isolation. The Central American Presidents embarked on this difficult journey to peace in August of 1987. It is time today for all parties to the conflict to renew their commitment to the Esquipulas process and to move forward on all the elements to bring an end to the sufferings that this conflict has caused and to finally enjoy a lasting peace.

It is in that spirit that my government will join the Security Council in support of the Secretary-General's report and proposal to establish a U.N. Observer Mission in Central America. It is a sensitive mission; it is an essential mission. My government offers its support with every hope that this region, so vital to the United States, can be restored to peace, democracy, and reconciliation.

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460. Declaration of San Isidro de Coronado

Declaration Issued by the Presidents of Central America, San Isidro de Coronado, Costa Rica, December 12, 1989[55]

The Presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, assembled in a special meeting at San Isidro de Coronado, Costa Rica, on December 10, 11 and 12, 1989, to consider the delicate situation in Central America, which seriously threatens the peace process, have ratified the agreement contained in the preamble to the Procedure for the Establishment of a Firm and Lasting Peace in Central America (Esquipulas II), and especially the points in which they accepted fully the historic challenge of forging a destiny of peace for Central America by eliminating war and placing dialogue above violence and reason above animosity. To these ends they have agreed as follows:

1. To confirm their most vehement condemnation of the acts of warfare and terrorism carried out by irregular forces in the region and to reiterate their deepest conviction that it is imperative to drive home in the minds of the people the necessity of ruling out force and terrorism as means to the attainment of political ends.

2. In a consistent demonstration of their unvarying policy of supporting governments put in place by democratic, pluralistic and participative processes, the Presidents of Costa Rica, Guatemala, Honduras and Nicaragua have expressed their firm support to the President of El Salvador, Mr. Alfredo Cristiani, and to his Government.

3. The Presidents of Guatemala, Honduras, Nicaragua and Costa Rica support the Government of El Salvador in its reiterated purpose of finding a solution to the Salvadoran conflict by peaceful and democratic means, and have accordingly repeated their vehement appeal to the FMLN that it immediately and truly desist from hostilities in that sister country and rejoin the dialogue already begun. They also demand energetically that the FMLN renounce violence in any form that directly or indirectly affects the civilian population. The five Presidents have decided to ask the Secretary-General of the United Nations to lend his best personal efforts in such measures as may be needed to restart the dialogue between the Government of El Salvador and the FMLN, and thereby contribute to their success.

4. They note that, in keeping with the declarations of Alajuela, Costa del Sol, and Tela, the provisions of chapters I and III of the joint disbandment plan constitute a common and indivisible whole and, accordingly, they ask the International Commission for Support and Verification (CIAV) to commence immediately its actions for disbandment of the Farabundo Martí National Liberation Front following the procedures laid down in that plan.

5. The Presidents support the Nicaraguan Government of President Daniel Ortega in its wish that the funds approved for the Nicaraguan Resistance be handed over, when the present agreement has been signed, to CIAV for the voluntary disbandment, repatriation or relocation of the members of the Nicaraguan Resistance and their families.

The Presidents call upon the Nicaraguan Resistance to desist from all actions against the electoral process and the civilian population so that that process may unfold in a climate of normality in accordance with the Esquipulas II Agreement.

6. The setting in motion of the disbandment of the Nicaraguan Resistance and the FMLN is of fundamental importance for overcoming the present crisis of the peace process, and ONUCA must step up

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[55] Source: OAS doc. CP/INF.2930/89, December 14, 1989.

its efforts to prevent the supplying of weapons to the FMLN and the Nicaraguan Resistance.

7. The Government of Nicaragua repeats its offer to the Nicaraguan Resistance, made in Washington, D.C., United States of America, to make the necessary arrangements so that those who are repatriated before February 5, 1990, may register to vote in the general elections to be held on the 25th of the same month.

The Government of Nicaragua will immediately contact ONUCA and the CIAV so that disbandment of the Nicaraguan Resistance in Honduras may begin in accordance with the provisions of the Tela Agreement as soon as this agreement is signed.

8. They reiterated the importance of international cooperation as an essential element in parallel with the political efforts for pacification of the area, and have urged the international community to increase its support. They have expressed the will of the region to continue working together in this area in the conviction that economic and social development is a constant of the ongoing peace efforts. They are grateful for the gains made through the Special Cooperation Plan for Central America approved by the UNDP in this direction, and to the European Economic Community for its support in cooperation based on Luxembourg Agreements.

9. In compliance with the Esquipulas II Agreements, the Central American Presidents have ratified their undertaking to full respect for human rights, including civil, political, economic, social and cultural rights as established in their respective Constitutions and in the international agreements signed and ratified by them.

10. The Presidents have agreed to ask the Secretary-General of the United Nations to establish the linkages necessary to involve the States with interests in the region more directly in the peace efforts in the framework of the Esquipulas II Agreements and subsequent declarations. They also ask him to broaden the mandate of ONUCA to include verification of such processes of cessation of hostilities and disbandment of irregular forces as may be agreed upon in the region.

11. In view of recent events, the Presidents have confirmed that full deployment of the United Nations military Observers for Central America (ONUCA) is of utmost urgency for fulfillment of the commitments embodied in sections 5 and 6 of the Esquipulas II Agreements. They have therefore also asked the Secretary-General of the United Nations to take such measures as he sees fit to step up the process of making the ONUCA operational, and to have it keep the Central American Presidents informed.[54]

12. Based on the commitment to find negotiated settlements to the conflicts generated by the Central American crisis, the Presidents of Guatemala, Honduras and Costa Rica fraternally exhort the Presidents of El Salvador and Nicaragua to bridge the gulf that has opened between their two governments by negotiation and dialogue, and to continue their diplomatic and consular relations.

13. In regard to the suit brought by the Government of Nicaragua against that of Honduras in the International Court of Justice, under the heading of "Hostilities at and across Borders," the Presidents of those countries have agreed to establish a bilateral commission to find an extra-judicial settlement to that dispute within six months from this date. To assist the commission in its work they have also agreed to instruct their respective agents at that trial so that, either together or separately, they may inform the Court of the present agreement, to which the high parties in litigation shall immediately accord full validity upon presentation alone, and ask it to defer the date for settling the deadline for presentation of the Honduran countermemorial to June 11, 1990.

Moreover, in the event that no out-of-court settlement is reached by that date, they agree that the agents of any of the countries shall ask of the Court that the term it grants the Government of Honduras for the presentation of that countermemorial be of six months.

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[54] The 625-member observer force was deployed in four phases, beginning December 2, 1989. ONUCA was comprised of military, medical, political and administrative, and civilian personnel. The military observers were from Canada, Colombia, Ireland, Spain, and Venezuela. The Federal Republic of Germany provided a civilian component to the logistics units. Major General Augustin Quesada Gomez of Spain was Chief Military Observer. (Report by the Secretary-General, U.N. doc. S/21029, December 21, 1989)

The Central American Presidents thank the Costa Rican people and Government for their hospitality, and all the men and women whose work has contributed to the result attained at this meeting. In light of this agreement and confident of its fulfillment, they agree to meet in the first quarter of 1990 in the regular meeting scheduled to be held in the city of Managua, Nicaragua.

San Isidro de Coronado, December 12, 1989.

OSCAR ARIAS SÁNCHEZ
President of the Republic of
Costa Rica

AFREDO CRISTIANI BURKARD
President of the Republic of
El Salvador

VINICIO CEREZO ARÉVALO
President of the Republic of
Guatemala

JOSÉ AZCONA HOYO
President of the Republic of
Honduras

DANIEL ORTEGA SAAVEDRA
President of the Republic of
Nicaragua

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2. Costa Rica

461. President Bush's Visit to Costa Rica

Statement by President Bush, San José, October 27, 1989[1]

Mr. President, thank you, sir.[2] And it is a great pleasure for me to be here and to greet all who are here to celebrate democracy in Costa Rica. Gathered before us is one of the wonderful traditions of this great country: the tradition of greeting foreign visitors not with the guns of military salutes but with the cheers of those schoolchildren. And I think you have another marvelous institution; that is a band that can play "The Star-Spangled Banner," a difficult anthem, without a flaw.

A few years ago, I was privileged to attend the inauguration of President Arias. And the stadium where the celebration was held was filled to capacity. And when our United States delegation entered behind the United States flag, the Costa Rican people rose to their feet, and the arena erupted in cheers. And they were cheering for the friendship between our countries, and they were cheering for democracy. And this welcome today also has me deeply moved and very proud.

They asked me: Why are we coming? We are back in San José to honor a nation, Costa Rica; a leader, President Oscar Arias; and an idea, democracy. On behalf of your neighbors in the United States, I congratulate the people of Costa Rica on the 100th anniversary of your democracy. The Costa Rican model is an example and an inspiration in Central America, to this entire hemisphere, to the world: a nation in which the people rule through the ballot box; a nation whose economy is being freed from the shackles of the state and whose people are sharing in the fruits of economic growth; a nation that lives in peace with its neighbors because it threatens none with aggression or subversion.

One hundred years ago, the constitutional democracy that we honor today was the exception in the Americas; today it is the rule. And today the nations still oppressed by what John F. Kennedy, speaking here in San José, called the last vestiges of tyranny can be counted on one hand.

I believe we can do more. I believe we must do more. I believe we can create here in the Americas the world's first completely democratic hemisphere. And I also believe that the Americas can become the model for the rest of the world for a true partnership between the developed and the developing world, where trade is free, prosperity is shared, and the benefits of technology are harnessed for all.

Mr. President, in that regard, I join you in celebrating the announcement you just made regarding the debt. I salute those private interests in the United States that cooperated. I salute our leaders who worked with yours to achieve this marvelous example of what cooperation can bring. And I congratulate Costa Rica on this significant step.

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[1] Source: *Weekly Compilation of Presidential Documents*, November 6, 1989, pp. 1625–1626. President Bush spoke at 10 a.m. at Juan Santamaria International Airport upon his arrival in Costa Rica. Bush was in Costa Rica for the centennial celebration of Costa Rican democracy.

[2] President Oscar Arias Sanchez.

And lastly, I do believe that here in the Americas we can and will unite to confront and defeat the new slayers of the democratic dream: the narcotraffickers who poison our children, murder elected officials, and wage war on civil society.

I believe that the democratic leaders of the Americas are reaching out to the United States, just as we are to them, offering a new partnership of mutual respect and mutual responsibility. And I'm here in San José to make it clear to the democratic leaders of this hemisphere that we embrace this new partnership.

To you, President Arias, my esteemed friend, and to all the officials who have made these arrangements, I express to you my gratitude on the one hand and my joy at being here on the other. Thank you very, very much.

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3. El Salvador

462. U.S. Emphasis on Democratic Progress and Human Rights Upon Cristiani Election

Statement by the President's Press Secretary (Fitzwater), March 22, 1989[1]

President Bush spoke earlier today with Alfredo Cristiani, the winner of the Salvadoran Presidential election, to congratulate him on his victory. The President assured Mr. Cristiani that the United States would continue to work closely with El Salvador to help the Salvadorans create and protect a durable democracy there. Mr. Cristiani affirmed his recent public statements that he and his administration will be committed to respect for human rights. President Bush invited Mr. Cristiani to visit Washington at an early date.

On Sunday, March 19, hundreds of thousands of Salvadoran peasants, working people, business men and women, and citizens from every walk of life defied threats of death and terror from Marxist guerrillas to vote in that country's Presidential election. This was the sixth national election El Salvador has held under international supervision in the last 7 years. What we witnessed last Sunday should leave no doubt: The people of El Salvador are passionately committed to the democratic rights and liberties they have fought for and won with U.S. support in recent years.

Our policy in El Salvador, forged through bipartisan consensus and with bipartisan support, is clear: We are committed to continue democratic progress and the defense of human rights. There must be no turning back to the dark and terrible past. We expect, and the Salvadoran people clearly desire, continued steady progress toward establishing the rule of law, an effective judicial system, and security against political violence from either the right or the left. There is also a message for the FMLN guerrillas in Sunday's election: The Salvadoran people clearly yearn for an end to the terrible violence to which they have been subjected.

The time has come to end the violence and secure an honorable peace that will protect the rights and security of all Salvadorans, regardless of their political views, to participate in a safe and fair political process. If the FMLN would embrace that goal, we are confident that this tragic war can come to an end. The President welcomes Mr. Cristiani's stated commitment to continue the dialog with the FMLN guerrillas and hope the guerrillas accept his offer. Moreover, the guerrillas will not succeed in obtaining the political victory in the United States that they cannot win among the people of El Salvador. The United States is committed to the defense of democracy and human rights in El Salvador. So long as El Salvador continues on that path, the United States will remain a firm and steady ally.

A final note: Last Sunday's election heralds the final months of the Presidency of José Napoleón Duarte, a great patriot and champion of democracy. The President salutes President Duarte for his courage, his patriotism, his steadfast commitment to democracy, and for his enormous and lasting contribution to building an authentic democratic process in his country.

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[1] Source: *Weekly Compilation of Presidential Documents*, March 27, 1989, pp. 411–412.

463. U.S. Reaction to FMLN "Final Offensive"

Statement by the President's Press Secretary (Fitzwater), November 15, 1989[2]

The President today telephoned Salvadoran President Alfredo Cristiani to tell him that we have been following closely the events in El Salvador and that we stand behind the Salvadoran Government in the face of recent FMLN attacks.[3] The President said that the FMLN bears full responsibility for this tragedy and that he wanted to express the solidarity of the American people for the great suffering in San Salvador and elsewhere.

The President commended the efforts of the Salvadoran Armed Forces to avoid causing casualties to the civilian population. He also said that the United States would continue to speak out about Cuban and Nicaraguan support for the FMLN guerrillas, which flies in the face of the Esquipulas peace process.

President Cristiani thanked the President for his support. He said that the Armed Forces were having increasing success against the guerrillas and that the Government would continue to give the highest priority to protecting the civilian population in military operations against those guerrillas that remained.

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464. U.S. Condemnation of the "Barbaric" Murders of Jesuit Priests

Statement Issued by the Ambassador to El Salvador (Walker), San Salvador, November 16, 1989[4]

The murder of Fr. Ignacio Ellacuria, the rector of the Central American University, four of his Jesuit colleagues, as well as three others who lived at their religious residence.[5] is an act—a crime—of such repugnance that to say I condemn or deplore it seems inadequate. It is a barbaric act, that has not only brought shame to El Salvador, but will leave a gaping hole in this country's intellectual and academic community.

I do not know who did this. I have difficulty in imagining what sort of "animals" would, in cold blood, execute five priests, and other innocents. I understand that President Cristiani and his administration have condemned this outrage. I expect that his government will take every possible effort to find out who carried out this crime, and punish those responsible. I know that the demand for a complete and impartial investigation will come from the people and political leadership, not only of the United States, but of the society of democratic nations.

I say again that we do not know who committed this heinous crime. The history of atrocious death in El Salvador has come from the extremes of right and left. The brutality of the current FMLN offensive will make investigation of this act difficult. Nevertheless, it should—it must—be carried out. Until there are facts, I think it incumbent upon all of us—my diplomatic colleagues as well as professional journalists—to demonstrate caution before coming to conclusions as to those responsible.

I will make an additional point: Whoever did this, whether from the right or the left, is doing the work of the FMLN. They are traitors to their country, for in committing these acts of treason they do great harm to the democratic process and damage the cause of the elected and constitutional government.

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[2] Source: *Weekly Compilation of Presidential Documents*, November 20, 1989, p. 1759.

[3] On November 11 the FMLN launched an urban-centered final offensive to take control of El Salvador.

[4] Source: Department of State files. The statement was delivered by Ambassador Walker to the local and international media.

[5] The slain victims were Fathers Ignacio Ellacuria Beas Coechea, Ignacio Martin-Baro, Amando Lopez, Joaquin Lopez y Lopez, Segundo Montes, and Juan Ramon Moreno, their cook, Julia Elba Ramos, and her daughter, Celina.

465. U.S. Aid to El Salvador

Statement Issued by the Department of State, November 16, 1989[6]

Q. What are the levels of U.S. aid to El Salvador?

A. In fiscal 1989, the United States provided El Salvador with economic aid of $297.6 million and military aid of $85 million. Since 1985, the United States has provided El Salvador with economic aid of $1.8 billion, or three times the level of U.S. military aid during that period.

Q. Does the U.S. Government still believe that aid to El Salvador is money well spent?

A. Aid to El Salvador is money well spent. The war has caused nearly $2 billion in damage to El Salvador's economy, forcing the elected civilian government to divert precious resources to repair bridges, dams, power stations, and other infrastructure and support a large army. As difficult as the situation is now, it would be far worse without major U.S. aid.

Q. Can you point to specific successes of the U.S. aid program?

A. A modern electoral registry system has been developed, and funding provided for election observers. Since 1984, El Salvador has had six free, fair, and open national elections. Before 1984 it had had none.

U.S. balance-of-payments support has helped stabilize the Salvadoran economy. Gross national product has risen every year since 1984, after falling 23 percent from 1979 to 1983.

U.S.-funded health programs have contributed to a 10 percent drop in the infant death rate since 1985.

With U.S. financial and technical assistance, hundreds of thousands of acres have been turned over to previously landless peasants and tenant farmers.

More than 1,750 primary school classrooms have been built for 70,000 homeless children.

Potable water availability for city dwellers has increased dramatically.

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4. Honduras

466. U.S. Nondisbursal of Economic Support Funds for Honduras

Statement Issued by the Department of State, November 3, 1989[1]

Q. Why haven't fiscal year 1989 ESF funds for Honduras been disbursed?

A. In fiscal year 1989, U.S. economic assistance to Honduras was $144.2 million. Of that assistance, $38 million was for developmental assistance projects and $21.2 million was in P.L. 480 funds. Developmental assistance funds and P.L. 480 funds were disbursed throughout fiscal year 1989 and continue to be disbursed now.

$85 million were appropriated as economic support funds for fiscal year 1989. Of that, $15 million represents support for ongoing projects. The remaining $70 million was in the form of balance-of-payments assistance.

Actual disbursement of ESF monies for any country is contingent upon the signing of an agreement between the United States and the recipient government detailing economic reforms to be implemented. The U.S. Government and the Government of Honduras have not yet reached an agreement on an appropriate reform package for Honduras, and thus have not yet signed an agreement for disbursement of fiscal year 1989 ESF funds. We are hopeful that agreement can be reached soon. These funds remain available for use.

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[6] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to questions asked at the Department of State Daily Press Briefing earlier that day.

[1] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to questions asked at the Department of State Daily Press Briefing earlier that day.

Q. Are the Hondurans under Brooke–Alexander sanctions? What does this mean?

A. Section 518 of the FY 1989 Foreign Operations, Export Financing and Related Programs Appropriations Act (known as the Brooke–Alexander amendment)[2] specifies that "no part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act." The effect of this sanction is to preclude obligation of funds for many kinds of assistance.

On October 25, 1989, Honduras was unable to meet its scheduled payment of $2.1 million in outstanding loans and consequently fell under the sanctions specified by Brooke–Alexander. The Government of Honduras has expressed its intent to pay its arrears in the near future. Once that payment is received, Brooke–Alexander sanctions invoked for the October 25 arrearages will be lifted.

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5. Panama

467. "The Noriega Regime . . . Has Nullified the Election and Resorted to Violence"

Statement by President Bush, May 11, 1989[1]

The people of Latin America and the Caribbean have sacrificed, fought, and died to establish democracy. Today elected constitutional government is the clear choice of the vast majority of the people in the Americas, and the days of the dictator are over. Still, in many parts of our hemisphere, the enemies of democracy lie in wait to overturn elected governments through force or to steal elections through fraud. All nations in the democratic community have a responsibility to make it clear, through our actions and our words, that efforts to overturn constitutional regimes or steal elections are unacceptable. If we fail to send a clear signal when democracy is imperiled, the enemies of constitutional government will become more dangerous. And that's why events in Panama place an enormous responsibility on all nations in the democratic community.

This past week, the people of Panama, in record numbers, voted to elect a new democratic leadeship of their country; and they voted to replace the dictatorship of General Manuel Noriega.[2] The whole world was watching. Every credible observer—the Catholic Church, Latin and European observers, leaders of our Congress, and two former Presidents of the United States—tell the same story: The opposition won. It was not even a close election. The opposition won by a margin of nearly three to one.

The Noriega regime first tried to steal this election through massive fraud and intimidation and now has nullified the election and resorted to violence and bloodshed.[3] In recent days, a host of Latin American leaders have condemned this election fraud. They've called on General Noriega to heed the will of the people of Panama. We support and second those demands. The United States will not recognize nor accommodate with a regime that holds power through force and violence at the expense of the Panamanian people's right to be free. I've exchanged these views over the last several days with democratic leaders in Latin America and in Europe. These consultations will continue.

The crisis in Panama is a conflict between Noriega and the people of Panama. The United States stands with the Panamanian people. We share their hope that the Panamanian defense forces will stand with them and fulfill their constitutional obligation to defend democracy. A professional Panamanian defense force can have an important role to play in Panama's democratic future.

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[2] P.L. 100–461, approved October 1, 1988; 102 Stat. 2268.

[1] Source: *Weekly Compilation of Presidential Documents*, May 15, 1989, pp. 689–690. The President spoke at 4:07 p.m. in the Briefing Room of the White House and answered questions from reporters after his statement.

[2] Presidential elections were held in Panama on May 7. An international observer team, headed by former President Jimmy Carter, monitored the election. On May 8, Noriega's armed forces seized the tally sheets in an attempt to block victory by the opposition candidate, Guillermo Endara.

[3] On May 10, Endara and his two Vice Presidential candidates, Guillermo Ford and Ricardo Arias, were severely beaten by pro-Noriega paramilitary forces. Noriega then annuled the election and blamed the opposition for election fraud.

The United States is committed to democracy in Panama. We respect the sovereignty of Panama, and of course, we have great affection for the Panamanian people. We are also committed to protect the lives of our citizens, and we're committed to the integrity of the Panama Canal treaties,[4] which guarantee safe passage for all nations through the Canal.

The Panama Canal treaties are a proud symbol of respect and partnership between the people of the United States and the people of Panama. In support of these objectives and after consulting this morning with the bipartisan leadership of the Congress, I am taking the following steps: First, the United States strongly supports and will cooperate with initiatives taken by governments in this hemisphere to address this crisis through regional diplomacy and action in the Organization of American States and through other means. Second, our Ambassador in Panama, Arthur Davis, has been recalled, and our Embassy staff will be reduced to essential personnel only. Third, U.S. Government employees and their dependents living outside of U.S. military bases or Panama Canal-commissioned housing areas will be relocated out of Panama or to secure U.S. housing areas within Panama. This action will begin immediately. It will be completed as quickly and in as orderly a manner as possible. Fourth, the State Department, through its travel advisory, will encourage U.S. business representatives resident in Panama to arrange for the extended absences of their dependents wherever possible. Fifth, economic sanctions will continue in force.[5] Sixth, the United States will carry out its obligations and will assert and enforce its treaty rights in Panama Canal treaties. And finally, we are sending a brigade-size force to Panama to augment our military forces already assigned there. If required, I do not rule out further steps in the future.

The United States and all democratic nations in this hemisphere hope that a peaceful resolution can be found to the crisis in Panama. And we urge all those in Panama—every individual, every institution—to put the well-being of their country first and seek an honorable solution to this crisis. The way is still open.

Thank you. God bless.

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468. The OAS Mandate To Bring About a Transfer of Power in Panama

Statement Issued by the Department of State, May 24, 1989[6]

Q. Does the United States expect that the OAS delegation would have to meet with General Noriega himself in order to accomplish any or all of its goals?

The mandate of the OAS delegation was clearly set forth in the resolution which was issued at the May 17 Meeting of Foreign Ministers—to promote "conciliation formulas for arriving at a national accord that can bring about, through democratic mechanisms, a transfer of power in the shortest possible time, and with full respect for the sovereign will of the Panamanian people."[7] To the extent that this

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[4] References are to Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal, with Annexes and Protocol, signed at Washington, September 7, 1977, entered into force October 1, 1979; 33 UST 1; and Panama Canal Treaty, with Annex, Agreed Minute, and Related Letter, signed at Washington September 7, 1977, entered into force October 1, 1979; 3 UST 39.

[5] For texts of President Reagan's March 11, 1988, announcement imposing economic sanctions against Panama and of his April 8, 1988, Executive Order 12635 imposing additional economic measures against that country, see *American Foreign Policy: Current Documents, 1988*, pp. 746–748.

[6] Source: Office of Press Relations, Department of State; posted statement. The statement was posted in response to a question asked at the Department of State Daily Press Briefing earlier that day.

[7] Resolution I of the 21st Meeting of Consultation of Foreign Ministers, May 17, noted the abuses of the electoral process by Noriega and expressed concern that "the crisis, which involves internal and external factors, is escalating rapidly, and could seriously endanger international peace and security." The resolution also established a mission of foreign ministers, Diego Cordovez of Ecuador, Mario Palencia Lainfiesta of Guatemala, and Sahadeo Basdeo of Trinidad and Tobago, and OAS Secretary General Joao Clemente Baena Soares, to meet with Panamanian Government and opposition leaders and resolve the crisis through a rapid and democratic transfer of power. For text of this resolution, see OAS doc. OEA/Ser.F/11.21, Doc. 8/89 rev. 2, May 17, 1989.

(continued)

mandate can be carried out, the mission will be successful. Whether a meeting with General Noriega is necessary is for the delegation to judge.

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469. The OAS and the Crisis in Panama

Address by the Deputy Secretary of State (Eagleburger) Before the Meeting of Consultation of Foreign Ministers of the Organization of American States, August 24, 1989 (Extracts)[8]

. . . .

The question before us remains what we declared it to be in our first resolution. It is, and I quote: "The grave events and the abuses by General Manuel Antonio Noriega in the crisis and the electoral process in Panama." We recognized then, as we did today, that the grave abuses of General Noriega's dictatorship threaten the peace of our hemisphere and violate the charter of this organization. That is why we dispatched a mission to Panama. Our distinguished Secretary General and the distinguished Foreign Ministers of Guatemala, Trinidad and Tobago, and Ecuador spent countless hours in Panama working with the parties trying to achieve a transfer of power by September 1 as called for in their mandate.

They worked hard, and they made a difference. The United States has supported the work of the commission at every step of the way. Their efforts and commitment deserve all of our respect and gratitude. The commission brought the parties together for face-to-face negotiations. Together, they spelled out a serious agenda. At the last meeting,[9] the parties laid out the elements that would permit a resolution to the crisis:

—The departure of General Noriega from power;

—Formation of a transition government on September 1;

—New, free elections within the shortest possible time; and

—The lifting of measures taken by the United States in response to the crisis in Panama.

All rational Panamanians agree that this formula could resolve the crisis and establish democracy. The United States has always been prepared to do its part. We want to see the crisis end. Nothing would please my government or the American people more than to end the measures currently in place and reestablish normal relations with a democratic Panama.

Let us look at how the parties to the crisis responded to the commission's mandate.

Were the candidates who won the votes of the Panamanian people prepared to make sacrifices for the good of their country? Were they prepared to work within the framework established by the OAS? Is the United States prepared to commit itself before the nations of this hemisphere to respect the Panama Canal Treaties and normalize relations with a Panamanian government committed to democracy and human rights? Is the United States prepared to end the economic measures it has taken and resume its normal procedures

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The mission submitted its report on June 6 to the President of the 21st Meeting of Consultation of Foreign Ministers, Julio Londoño Paredes. Pursuant to this report, the mission's mandate was extended "to make possible to arrive at a conciliation formula that can surmount the present domestic and international political situation of Panama." For text of this report, see OAS doc. OEA/Ser.F/II.21, Doc. 25/89, June 5, 1989.

[8] Source: *Current Policy* No. 1205, Bureau of Public Affairs, Department of State, August 24, 1989. The President of this OAS meeting, Julio Londoño Paredes, issued a declaration in which he expressed "grave concern" that political dialog in Panama had not ended the crisis in Panama and strongly urged the participants to achieve a national accord by September 1; for text, see OAS doc. OEA/Ser.F/II.21, Doc. 59/89, August 23, 1989.

[9] The mission submitted its report at the July 19 Meeting of Consultation of Foreign Ministers which called for Noriega's resignation. The Ministers issued a declaration on July 20 which requested the mission to return to Panama and "assist the parties in the conduct of the negotiations so that they may bring about, through democratic mechanisms and in accordance with domestic procedures in effect in Panama, a transfer of power on September 1, 1989, and the holding of free elections as soon as possible." For text of the July 19, 1989, report, see OAS doc. OEA/Ser.F/II.21, Doc. 40/89, July 19, 1989. For text of the July 20, 1989, declaration, see *ibid.*, Doc. 45/89, July 20, 1989.

for ensuring the safe passage for all nations through the Panama Canal in full collaboration with the Defense Forces of a democratic Panama? The answer to all of these questions is, and has always been, an unequivocal "yes."

But was General Noriega prepared to define any formula, any scenario, any set of circumstances under which he would be willing to remove the primary obstacle to resolving the crisis as defined by the OAS? The answer is, and has always been, an unequivocal "no."

There is only one obstacle to resolving this crisis, and we all know who that is. Indeed, at our last meeting, the commission itself, in the report which we adopted, made it clear what that obstacle is: "The continued presence of General Noriega as Commander in Chief of the Defense Forces," the report says, "has been identified by both supporters and opposition as one of the factors, if not the principle factor, which must be addressed in order to solve the crisis."

The people of Panama, the governments of this hemisphere, and this Organization of American States all want this crisis to end. But the dangerous, violent will of one dictator and a few desperate supporters stands in the way of democracy and peace in Panama.

Still, this effort has not been in vain. The Noriega dictatorship thought it could steal the birthright of the Panamanian people on May 7 and the world would look the other way. Instead, the dictatorship has never been more isolated internally or internationally than it is today. And so it will remain. The crisis will not be resolved until the mandate of the OAS has been fulfilled. Indeed, it will only grow worse.

. . . .

This is the time for Panamanians of every party and every institution to place the interests of their nation first. That is as true of the Panamanian Defense Forces (PDF) as it is of Panama's civil leaders of all political persuasions. This is not a partisan matter. Their common duty is to defend the constitution and the well-being of the people of Panama. If they do so, the PDF can and should play an important role in a democratic Panama. When the history of Panama's return to democracy is written—and it will return to democracy—the rolls will record for all time those who placed the interests of their suffering nation first and those who defend a corrupt dictatorship to the bitter end.

Let the Panamanian Defense Forces reflect: Who is, in fact, threatening their institution today? The Panamanian people—including the men and women of the Defense Forces and their families—who voted for an end to the Noriega dictatorship on May 7? The United States, which has worked in partnership for many years with the Defense Forces in their joint responsibility to ensure safe passage through the canal and which will depend on the Defense Forces to carry out that duty when the last U.S. troops leave Panama as the treaties call for on December 31, 1999? The nations of this hemisphere, which voted to condemn the abuses perpetrated by General Noriega against his own people, including many officers of the PDF? Or is the real threat to the Defense Forces posed by the man who abuses their professional loyalty and brings suffering on his nation in pursuit of his own personal interests and power?

If the terms of the OAS mandate have not been met by September 1, then the Noriega regime will have declared itself to be an outlaw among civilized nations, and we should treat it accordingly. Until the Panamanian people enjoy their democratic rights, every member of this body has an obligation to support the mandate of the OAS, to defend human rights in Panama, to combat the alliance of drug traffickers with the Noriega dictatorship, and to isolate this outlaw regime. To do anything less would be to send a terrible, a dangerous signal to the enemies of democracy and the drug traffickers in our hemisphere. The people of Panama and the whole world will be watching. . . .

Document 469

470. Noriega's Criminal Culpability in Drug Trafficking and Money Laundering

Address by the Deputy Secretary of State (Eagleburger) Before a Special Session of the Permanent Council of the Organization of the American States, August 31, 1989 (Extracts)[10]

In the early morning hours of August 24, as the Meeting of Consultation of Foreign Ministers was concluding its deliberations on the crisis in Panama, the Panamanian representative repeatedly challenged my government to, and I quote, "present to you the evidence against Noriega." He did so knowing—as a skilled criminal lawyer and as a man who last year participated in negotiations with my government on this issue—that the United States is a nation of laws and is not about to conduct a criminal trial outside the courtroom. He did so knowing that most of the evidence against Gen. Noriega is subject to grand jury secrecy prohibitions and that we would ourselves be committing a criminal offense were we to reveal that evidence in advance of an actual trial. And, I would warrant, he did so hoping that these constraints and the lateness of the hour would cause us to remain silent.

We respected the lateness of the hour on August 24 but we will not remain silent. We will not permit Gen. Noriega's representatives to abuse the limitations our Constitution establishes to protect the rights of the accused. We cannot accept his characterization of our unwillingness illegally to reveal evidence in advance of trial as "proof" that the serious criminal charges against Gen. Noriega are frivolous or manufactured.

But neither will we fall into the trap that perhaps the representative of Panama was seeking to lay for us. We will not compromise our ability to prosecute Gen. Noriega by violating the rights that he—like every other criminal defendant—is guaranteed under our legal system. Nor need we do so to produce the "proof" that the Panamanian representative so diligently sought.

. . . .

On February 4, 1988, Gen. Noriega and 15 other defendants—including Pablo Escobar, the Ochoa brothers, and other members of the infamous Medellin drug cartel—were indicted by a Federal grand jury in Miami, Florida, on multiple counts of narcotics trafficking and related offenses. Gen. Noriega and Panamanian businessman Enrique Pretelt were simultaneously indicted by a Federal grand jury in Tampa, Florida, on conspiracy to import an enormous quantity of marijuana and on related charges.

. . . .

In the U.S. District Court for the Middle District of Florida in Tampa, Gen. Noriega and Enrique Pretelt are charged with conspiracy to import and distribute marijuana. The indictments describe the attempted importation into the United States of over 1 million pounds of marijuana during 1983–84.

The indictment charges that millions of dollars in U.S. currency representing the proceeds from the successful importation of 280,000 pounds of marijuana into the United States by Stephen Michael Kalish and others were transported to Panama and laundered through Panamanian banks and businesses, with the approval and assistance of the defendants. They charge that Noriega and others agreed to facilitate the importation of 400,000 pounds of marijuana into the United States and the laundering of more than $100 million in illicit proceeds through Panama. And they conclude that during the course of the conspiracy, Kalish made payments to Noriega and others of approximately $1 million for Noriega's authorization and approval of marijuana smuggling and money-laundering activities within Panama.

In the Federal District Court for the Southern District of Florida in Miami, Gen. Noriega is charged with exploiting his official position as head of the intelligence section of the National Guard of Panama and then as commander in chief of the renamed Panama Defense Forces (PDF) to receive payoffs in return for assisting and protecting international drug traffickers. The individuals he is charged with assisting in the conduct of narcotics and money-laundering operations in Panama include Pablo Escobar Gaviria, Gustavo DeJesus Gaviria Rivero, Jorge Ochoa Vasquez, and Fabio Ochoa Vasquez.

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[10] Source: Department of State *Bulletin*, November 1989, pp. 69–71.

Gen. Noriega protected cocaine shipments flown from Medellin, Colombia, through Panama to the United States. Further he arranged for the transshipment and sale of ether and acetone, including such chemicals previously seized by the PDF, to the Medellin cartel. He provided refuge and a base for continued operations to the members of the Medellin cartel after the murder of the Colombian Minister of Justice, Rodrigo Lara Bonilla, in 1984. He agreed to protect a cocaine laboratory being constructed in Darien Province, Panama. And he assured the safe passage of millions of dollars of narcotics proceeds into Panamanian banks. In return for these services, Noriega received in excess of $4.6 million.

Also detailed in the indictment is a June 15, 1984, flight into Miami, Florida, with over a ton of cocaine resulting from this conspiracy.

We have asked the Secretariat to circulate to each of you authentic copies of these indictments.

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471. "The United States Will Not Recognize Any Government Installed by General Noriega"

Statement by President Bush, September 1, 1989[11]

On May 7, the people of Panama, by an overwhelming margin of votes, braved repression, intimidation, and fraud to choose democracy over dictatorship. They sent a clear and unmistakable message. They wanted an end to dictatorship and restoration of elected democratic government. But this act of self-determination was brutally repressed before the eyes of the entire world. Noriega answered the cry of his people with beatings and killings. The candidates chosen by the Panamanian people will not be allowed to take office today, as required by the Panamanian Constitution. Panama is, therefore, as of this date without any legitimate government.

Accordingly, the United States will not recognize any government installed by General Noriega. Our Ambassador will not return, and we will not have any diplomatic contact with the Noriega regime. The United States will continue to take other steps, including the tightening of measures to deprive the illegal regime of funds that belong to the Panamanian people, in support of self-determination and democracy, and to counter the threat posed by General Noriega's support for drug trafficking and other forms of subversion. I am confident that other governments which support human rights, democracy, and self-determination and which oppose drug trafficking will take similar measures.

This should have been a proud day for Panamanians and for all who believe in self-determination and democracy. Instead, it is a sad day—a sad day for Panama and for the democratic nations of this hemisphere. The peoples of Panama and the United States have enjoyed a close and mutually beneficial relationship since Panama's founding in 1903. Our people-to-people bonds have become even closer since the conclusion of the canal treaties of 1977, which the United States will continue to uphold. We will not forget this bond, or the sacrifices Panamanians have already made to rid themselves of the outlaw Noriega regime. We will continue to stand by the people of Panama until their fight for self-determination is respected and democratic government is restored.

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[11] Source: *Weekly Compilation of Presidential Documents*, September 4, 1989, pp. 1286–1287.

472. U.S. Economic Measures Against Panama

Statement Read by the Department of State Spokesman (Tutwiler), September 12, 1989[12]

The United States is taking several economic measures to deny revenues to the Noriega regime.

On August 31, the United States expanded the list of Panamanian companies and individuals affiliated with Noriega and his puppet regime to which Americans cannot make payments. The list is undergoing further revisions, and more additions will be published soon.

Yesterday the Department of the Treasury sent letters reiterating to all American companies in Panama the prohibitions on trade with the regime which apply to their businesses there. They were informed that the prohibitions will be strictly enforced.

Panama's 1989 sugar quota of 30,537 metric tons has been reallocated to the other countries that participate in the U.S. sugar quota program. The loss of the sugar quota denies the regime close to $15 million in revenue.

In a related action, this morning the U.S. Trade Representative announced the suspension of the additional quota of 23,403 tons to which Panama would have been entitled due to the quota increase.

All of these actions are a direct result of Gen. Noriega's continued unwillingness to respect the will of the Panamanian people by stepping down and permitting the installation of a freely elected government.

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473. "Our Policy Has Been To Apply Steady, Relentless Pressure on the Noriega Regime"

Statement by Secretary of State Baker, October 4, 1989[13]

CHAIRMAN BENTSEN. Mr. Secretary, since I'll have to leave in just a minute, and Senator Moynihan will be presiding, I won't get my second round of questions, I'm going to ask you one before I go to the next one.

And that's my concern on Panama. This morning General Noriega's still in charge in Panama. What role, if any, did the United States play in the attempted coup yesterday?[14] And, if we didn't, should we have played a role?

SECRETARY BAKER. Mr. Chairman, let me answer your question this way, by saying that, first of all, the events in Panama yesterday, I think, confirm what the world learned in the elections that took place in Panama last May. The people of Panama, and that includes in our view the officers and members of the Panama Defense Forces, want to see General Noriega out of power so that Panama can begin a new democratic future.

As you know, our policy has been to apply steady, relentless pressure on the Noriega regime across the board, diplomatically, economically, and to defend American lives and U.S. rights under our Panama Canal Treaty.

As a result of that policy, I would submit to you that the Noriega regime today is bankrupt, it is isolated, and it is shunned by the nations of this hemisphere; and, indeed, all nations in the democratic community.

I think that the attempt by some officers in the PDF to oust Noriega is a visible sign that that regime is cracking. As far as we're concerned, the pressure is going to continue until Noriega is gone. The President has made it very, very clear that there can be no accommodation with him, nor can there be any normalization of relations with Panama as long as Noriega remains in power.

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[12] Source: Department of State *Bulletin*, November 1989, p. 69. This statement was read at the Department of State Daily Press Briefing which began at 12:55 p.m.

[13] Source: *U.S.–U.S.S.R. Economic Relations: Hearing Before the Committee on Finance, United States Senate, One Hundred First Congress, First Session* (Washington, 1989), pp. 14–15. Lloyd Bentsen, chairman of the committee, presided over the session.

[14] On October 3, some officers in the Panamanian Defense Forces (PDF) attempted to overthrow Noriega, but the coup was crushed by troops loyal to him.

With respect to the response to the events of yesterday, let me say that the President acted immediately to do two things: to safeguard American lives and to ensure the security of the Panama Canal, just as the United States is obligated to do under the Panama Canal Treaties.

We all know that the events of yesterday were breaking rapidly, and that there was a combat situation on the ground for a period of time. I should say—and I'm not suggesting that you are in any way doing this, Mr. Chairman; and I want to make that clear—but I should say that it is easy after the fact in one of these situations to second-guess the events by arguing that the United States should have done something differently.

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474. Primary U.S. Goal: Safety and Efficiency of Panama Canal

Statement by the Deputy Assistant Secretary of State for Inter-American Affairs (Kozak), November 2, 1989 (Extract)[15]

. . . .

A primary and historical goal of U.S. policy with respect to Panama is to ensure that the canal continues to operate without interruption, safely and efficiently, and that it remains accessible to the United States and to all other trading nations under conditions of neutrality. This is a goal and an interest that the United States and the Republic of Panama have in common, as the Panama Canal Treaties reflect. Indeed one of the best guarantees we have of responsible Panamanian policy toward the canal is the fact that the safe, efficient, and neutral administration of the canal is manifestly crucial to the national interest of Panama. We must recognize, however, that Panama's ability to responsibly pursue its own interest—and hence the long-term future of the canal—cannot be assured in the context of political instability. In sum, protection of the interests of the United States and of world commerce in a safe, efficient, and neutral Panama Canal requires two basic things:

—That responsibility for canal management, operation, and security be in accord with the will of the Panamanian people; and

—That the Panamanian system develop in such a manner that the will of the Panamanian people can be accurately expressed and implemented by the government of that country.

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475. OAS Condemnation of Noriega's Human Rights Abuses

Statement Read by the Department of State Spokesman (Tutwiler), November 17, 1989[16]

Last night at the OAS General Assembly, the representatives of Latin America and the Caribbean voted overwhelmingly to adopt a resolution which definitively repudiates and isolates the Noriega regime.[17] This is the strongest and most wide-ranging statement to date by the OAS. It is significant in that the call for Panama to return to democracy was opposed only by Panama and Nicaragua.

The resolution prominently cites the special report of the OAS Human Rights Commission which condemns the overwhelming absence of popular support for Noriega and documents the brutal suppression of human rights and democracy in Panama.[18] Its passage by the General Assembly is another significant defeat for the Noriega regime and further isolates it in the hemispheric community. This action by the OAS deprives Noriega of any pretext of legitimacy. We applaud the firm stand taken by the Organization of American States which can only serve to encourage a return to democracy for the people of Panama, support for human rights, and an end to the brutal Noriega dictatorship.

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[15] Source: *Strategic Importance of the Panama Canal: Hearing Before the Subcommittee on Panama Canal/Outer Continental Shelf of the Committee on Merchant Marine and Fisheries, House of Representatives, One Hundred First Congress, Second Session* (Washington, 1989), pp. 41–44. Roy Dyson, chairman of the subcommittee, presided over the session.

[16] Source: Office of Press Relations, Department of State. This statement was read at the Department of State Daily Press Briefing which began at 12:16 p.m.

[17] For text of the resolution approved in the fifth meeting of the General Committee of the OAS held November 16, 1989, see undated OAS doc. OEA/Ser.P, AG/Doc. 2509/89.

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476. U.S. Military Action in Panama

Address by President Bush to the Nation, December 20, 1989[19]

My fellow citizens, last night I ordered U.S. military forces to Panama. No President takes such action lightly. This morning, I want to tell you what I did and why I did it.

For nearly 2 years, the United States, nations of Latin America and the Caribbean have worked together to resolve the crisis in Panama. The goals of the United States have been to safeguard the lives of Americans, to defend democracy in Panama, to combat drug trafficking, and to protect the integrity of the Panama Canal Treaty. Many attempts have been made to resolve this crisis through diplomacy and negotiations. All were rejected by the dictator of Panama, General Manuel Noriega, an indicted drug trafficker.

Last Friday, Noriega declared his military dictatorship to be in a state of war with the United States and publicly threatened the lives of Americans in Panama.[20] The very next day, forces under his command shot and killed an unarmed American serviceman; wounded another; arrested and brutally beat a third American serviceman; and then brutally interrogated his wife, threatening her with sexual abuse. That was enough.

General Noriega's reckless threats and attacks upon Americans in Panama created an imminent danger to the 35,000 American citizens in Panama. As President, I have no higher obligation than to safeguard the lives of American citizens. And that is why I directed our Armed Forces to protect the lives of American citizens in Panama and to bring General Noriega to justice in the United States. I contacted the bipartisan leadership of Congress last night and informed them of this decision, and after taking this action, I also talked with leaders in Latin America, the Caribbean, and those of other U.S. allies.

At this moment, U.S. forces, including forces deployed from the United States last night, are engaged in action in Panama. The United States intends to withdraw the forces newly deployed to Panama as quickly as possible. Our forces have conducted themselves courageously and selflessly. And as Commander in Chief, I salute every one of them and thank them on behalf of our country.

Tragically, some Americans have lost their lives in defense of their fellow citizens, in defense of democracy. And my heart goes out to their families. We also regret the loss of innocent Panamanians.

The brave Panamanians elected by the people of Panama in the elections last May, President Guillermo Endara and Vice Presidents Calderon and Ford, have assumed the rightful leadership of their country.[21] You remember those horrible pictures of newly elected Vice President Ford, covered head to toe with blood, beaten mercilessly by so-called "dignity battalions." Well, the United States today recognizes the democratically elected government of President Endara. I will send our Ambassador back to Panama immediately.

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[18] For text of the "Report on the Situation of Human Rights in Panama" by the Inter-American Commission on Human Rights, see OAS doc. CEA/Ser.L/V/II.76, Doc. 16 rev. 2, November 9, 1989.

[19] Source: *Weekly Compilation of Presidential Documents*, December 25, 1989, pp. 1974–1975. The President spoke over nationwide radio and television at 7:20 a.m. from the Oval Office at the White House. On December 19, the President deployed a force of 10,000 troops to Panama. In a statement to the U.N. Security Council the next day, Ambassador Thomas R. Pickering declared, "In accordance with Article 51 of the United Nations Charter, U.S. forces have exercised their inherent right to self-defense under international law by taking action in Panama in response to armed attacks by forces under the direction of Manuel Noriega." (U.S. Mission to the United Nations Press Release USUN 200–(89), December 20, 1989)

[20] On December 15, the National Assembly of Panama named Noriega head of state with official power to direct the government and conduct foreign affairs and declared "a state of war" against the United States.

[21] These leaders were inaugurated December 20 at the U.S. compound.

Key military objectives have been achieved. Most organized resistance has been eliminated. But the operation is not over yet. General Noriega is in hiding. And, nevertheless, yesterday a dictator ruled Panama, and today constitutionally elected leaders govern.

I have today directed the Secretary of the Treasury and the Secretary of State to lift the economic sanctions with respect to the democratically elected government of Panama and, in cooperation with that government, to take steps to effect an orderly unblocking of Panamanian Government assets in the United States.[22] I'm fully committed to implement the Panama Canal Treaties and turn over the Canal to Panama in the year 2000. The actions we have taken and the cooperation of a new, democratic government in Panama will permit us to honor these commitments. As soon as the new government recommends a qualified candidate, Panamanian, to be Administrator of the Canal, as called for in the treaties, I will submit this nominee to the Senate for expedited consideration.[23]

I am committed to strengthening our relationship with the democratic nations in this hemisphere. I will continue to seek solutions to the problems of this region through dialog and multilateral diplomacy. I took this action only after reaching the conclusion that every other avenue was closed and the lives of American citizens were in grave danger. I hope that the people of Panama will put this dark chapter of dictatorship behind them and move forward together as citizens of a democratic Panama with this government that they themselves have elected.

The United States is eager to work with the Panamanian people in partnership and friendship to rebuild their economy. The Panamanian people want democracy, peace, and the chance for a better life in dignity and freedom. The people of the United States seek only to support them in pursuit of these noble goals. Thank you very much.[24]

D. Caribbean

1. Regional Policy

477. Five Years of the Caribbean Basin Initiative

Address by the Director of Economic Policy for Latin America, Department of State (Whitney), Before the 13th Annual Miami Conference on the Caribbean Basin, Miami, November 29, 1989[1]

In the 5 years since its birth, the Caribbean Basin Initiative (CBI)[2] has had remarkable success in its major goal—the development of nontraditional exports. In the 12-month period ending June 1989, nontraditional exports from the 22 beneficiary countries totaled $3.4 billion. This represents a growth of more than 88% since 1983, the year before CBI went into effect. More difficult to measure, but even more important for the long-run prospects of the region, is the development of new approaches to economic development which have been encouraged and supported by the CBI.

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[22] For text of President Bush's December 20 memorandum to the Secretaries of State and the Treasury directing them to lift the economic sanctions on Panama, see *Weekly Compilation of Presidential Documents*, December 25, 1989, p. 1977.

[23] On December 5, President Bush appointed the Panamanian Deputy Administrator of the Panama Canal Commission, Fernando Manfredo, to serve as acting administrator of the Commission, effective January 1, 1990, until the Endara government nominated a candidate to be administrator. Under the terms of the Panama Canal Treaty of 1977, the candidate must be approved by the President of the United States and the U.S. Senate. (Statement by Press Secretary Fitzwater, December 5, 1989, *ibid.*, December 11, 1989, p. 1898)

[24] For text of President Bush's December 20 memorandum to the Secretary of Defense directing the apprehension of Noriega and others in Panama indicted in the United States for drug-related offenses, see *ibid.*, December 25, 1989, p. 1976. On December 24, Noriega took refuge in the Vatican Embassy, and on January 4, 1990, turned himself over to U.S. authorities in Panama.

[1] Source: *Current Policy* No. 1241, Bureau of Public Affairs, Department of State, November 29, 1989.

[2] Formally established by the Caribbean Basin Economic Recovery Act, P.L. 98–67, approved August 5, 1983; 97 Stat. 384.

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Dynamic growth in nontraditional exports means that in countries which were reliant on traditional crops, such as bananas, coffee, and sugar, one now sees:

—The construction of new plants in the Dominican Republic's rapidly expanding free zones by companies such as Westinghouse, Baxter Travenol, Hanes, GTE, and Warner Lambert;

—The establishment of electronic assembly industries in Jamaica, the Dominican Republic, and elsewhere for export to the United States and Europe. On the small island of St. Kitts, 400 people are now employed in five electronic assembly firms;

—The tremendous growth in nontraditional fruits (such as pineapples, honeydew melons, cantalopes, and mangoes) and vegetables from such sources as El Salvador, Guatemala, Honduras, Jamaica, Trinidad and Tobago, Costa Rica, and Haiti;

—The establishment of a brand new data entry industry for the Caribbean which employs 2,000 people in Jamaica and is growing rapidly in the Dominican Republic and Barbados;

—The creation or expansion of miscellaneous industries for export to the United States including furniture, jewelry, flowers, ornamental plants, sports equipment, and other products; and

—Finally, the rapid growth of apparel and garment factories throughout the region—notably in Jamaica, Costa Rica, and the Dominican Republic—motivated in large part by the special access for Caribbean textiles (Section 807a).

Expansion of apparel production for export has occurred despite the ineligibility of these products for CBI duty-free treatment. Due to a competent and competitive-wage labor force, the region has a comparitive advantage in this business. As a result, in February 1986, President Reagan announced a special program (guaranteed access levels) for CBI exporters[3] to provide an important additional incentive to trade and investment. This program allows CBI members to increase their exports to the United States at significantly higher rates than other, non-CBI beneficiaries. It also allows special access for apparel manufactured in the CBI region from textiles that are cut and formed in the United States. Textile exports from the region to the United States have grown from under $400 million in 1983 to more than $1.5 billion in the 12-month period ending June 1989.

The CBI is an opportunity, an incentive, a promotional vehicle. A number of countries have taken advantage of it; several have not. Many investors from the region, from the United States, from Europe and Asia, have heard the message of the CBI—that this is a special region to the United States, where the United States took the unprecedented step of abandoning its long held most-favored-nation trading principle to create an exceptional incentive for one group of countries and where, despite strong political pressures to restrict textiles and apparel imports, the United States created a special incentive for regional exports.

The promotional impact of the CBI has been documented by the Department of Commerce, by the International Trade Commission (ITC), and by other studies which have reported on investments which were stimulated by the CBI. The Commerce Department has estimated that approximately $1.5 billion in new investments flowed to the region in the first 4 years of the CBI, 1984–87, and that much of this investment was encouraged by the CBI incentives. In a recently released report, the ITC reported 541 new or expansion projects in the region in 1988. Of these, 455 (for which the ITC was able to obtain complete data) accounted for a total of $753 million. There were 149 projects in agriculture, 22 in aquaculture, 34 in electronics, 90 in apparel assembly, 8 in production of medical supplies, 94 in other manufacturing, 11 in mining, 31 in tourism, and 83 in services other than tourism. These investments have been greatest in the countries where the host government's economic policy changes and attention to infrastructure have made it easier to take advantage of CBI trade incentives and, in other ways, to build a more dynamic economy. Examples include:

—Developing free trade zones in Jamaica and the Dominican Republic, in part to exploit CBI opportunities;

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[3] See President Reagan's announcement to citizens at Queen's Park, St. George's, Grenada, February 20, 1986, in *Public Papers of the Presidents of the United States: Ronald Reagan, 1986*, Vol. 1, p. 239.

—Creating a one-stop shop, as was done in Guatemala, for obtaining an export license to replace the numerous and time-consuming bureaucratic approvals that were previously required; and

—Adopting, in many countries, more flexible and market-determined exchange rates to ensure that exports are encouraged, privatizing inefficient parastatals, devoting more attention to marketing, and, in general, encouraging the private sector as the engine for development.

In the process of becoming a member of the CBI, a country's practices in such areas as foreign investment, intellectual property, trade in relation to the accepted rules under the General Agreement on Tariffs and Trade, and drug control are all considered. These criteria have served as guiding principles for self-help measures by the beneficiary countries, and they have been the basis of a policy dialog between the CBI countries and the United States.

In South America, largely because of the debt crisis, there has emerged a trend toward greater free market orientation of the economies. In the Caribbean Basin region, a similar orientation has begun. It is part of a worldwide trend toward greater adoption of policies which encourage free enterprise. It has been undertaken by an exceptional group of leaders in the region and encouraged by the incentives of CBI and by the policy dialogs the CBI has spawned. The CBI—what it stands for, how to enhance it, and how to take better advantage of the opportunities it offers—are the main subjects of the annual Miami Conference on the Caribbean, the Puerto Rico Conference on the Caribbean, various interagency policy reviews, and many meetings between private and public sector officials of the region and of the United States. In other forums, such as consultative groups led by the World Bank, policy reform has been the major goal, and results of policy reforms conditioned on World Bank, IMF, and bilateral donor assistance have been reviewed. The progress in the development of nontraditional exports and the notable shift toward reliance on a less protected and less encumbered-by-government private sector is probably greater than most observers would have predicted before the CBI got underway in January 1984. At the same time, it is disappointing that separate policies such as the sugar policy of the United States and of the EC have caused exports of this key product from the region to decline. There has been much debate on how to ameliorate the effect of sugar quotas and how to enhance the CBI with additional trade and investment incentives. A key issue has been how to extend the CBI beyond 1995 and expand its product average so that investors will continue to look to the opportunities offered by the CBI.

The widespread discussion of how to take better advantage of incentives that already exist has often focused on the benefits which flow from signing a Tax Information Exchange Agreement (TIEA) with the United States. The United States has 40 such agreements, but only CBI members have additional benefits attached to them, such as the convention tax benefit which is a strong incentive for businesses to schedule meetings and conventions in the region. This has led various travel agents and two business travel publications to steer business travelers to those CBI members which have a TIEA. These countries are Jamaica, Barbados, Grenada, Dominica, and most recently the Dominican Republic. Trinidad and Tobago and St. Lucia have signed agreements which are awaiting the final states of implementation. In addition, Costa Rica has signed an agreement, but final legislative approval is pending.

Another benefit of TIEAs is access, through qualified financial intermediaries in Puerto Rico, to so-called 936 funds[4] at lower-than-market rates. These funds have begun to flow to countries which have TIEAs. The first projects using 936 funds are a cardboard box manufacturing company in Dominica which received $1.2 million in 936 loans; Air Jamaica—that country's national airline—which received $51 million; and AT&T, which received $17 million for the Jamaica leg of its submarine fiber-optic communications network. There is more than $10 billion in 936 funds, much of which is potentially available.

The Bush administration, the friends of the Caribbean in Congress, and many leaders of the region have called for enhancement of the CBI to include further trade and investment incentives and have advocated changes in other aspects of U.S. policy toward the Caribbean such as liberalization of the U.S. and EC sugar policies. At the same time as leaders of the region call for these enhancements and changes, they have recognized the achievements of the CBI. To quote:

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[4] Reference is to Section 936 of the U.S. Internal Revenue Code, P.L. 94–455, Title X, 1051(b), approved October 4, 1976; 90 Stat. 1643; amended by P.L. 94–455, Title XIX, 1901(b)(37)(B), approved October 4, 1976; 90 Stat. 1803.

—President Balaguer of the Dominican Republic has said that the CBI is "the most constructive initiative which has ever come to Latin America. . . .[5] a pragmatic movement which has achieved a great deal of practical good. . . . The Dominican Republic specifically has improved its economy, has progressed, has established a large number of free trade zones drawing industries for export, and thus has reduced its unemployment rate a great deal."

—Minister of Trade of Costa Rica, Muni Figueres de Jimenez, in testimony before the House Ways and Means Committee, said: "We have embraced the CBI because of its promise to help solve such economic problems as high unemployment, foreign exchange shortages, and heavy debt burdens. The CBI has helped to create an awareness of business oppotunities in the region."

Prime Minister Michael Manley of Jamaica has said: "We all greatly appreciate the initiative which resulted in the passage of the Caribbean Basin Economic Recovery Act that came into effect in 1984. We value it as an important step in addressing the needs for economic, social, and political development in the countries of the Caribbean Basin, and, in particular, we value the fact that it represents a firm commitment by the United States of America to assist in these development efforts."

—Prime Minister of Dominica, Eugenia Charles, has said, at the outset of the Bush administration:

> Our hopes are high that the spirit of the CBI will carry forward unabated. . . . If we have gotten nothing else from the CBI, we have learned that we are one. We are a region, indeed, with unique positions but with many common interests . . . Today the countries of the Caribbean islands and Central America, along with our larger neighbors north and south, are working together. We are cooperating more and more closely in the war against narcotics trafficking. We are working closely in the CBI–II policy effort. We are discovering more opportunities for intra-Caribbean and cross-Caribbean Basin trade and joint ventures.

The vision of Mrs. Charles and of other leaders of the region point to the potential and future of CBI and of the Caribbean Basin region. Truly, the CBI, its incentives, and its message of cooperation and development are contributing toward greater reliance on the private sector for development and serving to reinforce a growing common identity among the members of the region. This was manifest at the remarkable "town meeting" of the Caribbean Basin which occurred in the final 3 hours of last year's Miami Conference on the Caribbean.[6] There, hundreds of representatives of private Caribbean and Central American companies and representatives of governments of the region and of the United States debated a series of issues concerning trade, debt, narcotics, and tourism under the excellent hand of chairman of the meeting, Congressman Dante Fascell.

This meeting reflected the remarkable new spirit of the region, which is marked by growing cooperation between the United States and regional private sectors by pride in the development of new export industries, and by new thinking in establishing the economic policies which can unleash the great economic potential of the Caribbean Basin.

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[5] All ellipses are in the source text.

[6] For text of Assistant Secretary Abrams' December 2, 1988, address before the 12th annual Miami Conference on the Caribbean Basin, see *American Foreign Policy: Current Documents, 1988*, pp. 751–753.

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2. Cuba

478. U.N. Human Rights Commission Report on Cuba

Statement by President Bush, February 27, 1989[1]

I wish to express my support for the U.N. Human Rights Commission's report on human rights in Cuba.[2] We find the report full, balanced, and objective. Consideration of Cuba marks a watershed in the U.N. treatment of human rights abuses. For too long, the U.N. has focused on small countries which lack extensive support within the organization. Many of those countries today are either functioning democracies or have taken significant steps on the road toward full democracy. Meanwhile, longstanding violators of human rights have enjoyed immunity from scrutiny and have even fostered human rights investigations into other countries.

For more than 30 years, the people of Cuba have languished under a regime which has distinguished itself as one of the most repressive in the world. Last year the international community won an important victory when the U.N. Human Rights Commission decided to conduct a full investigation into the situation in Cuba.[3] The report, which was released in Geneva, is based on firsthand testimony about persistent violations of human rights in that country and is the culmination of that investigation.

The United States firmly believes that this report should begin a long-term effort to bring about true and lasting changes in the Cuban Government's performance on human rights. In the year since the U.N. Human Rights Commission decided to investigate Cuba, there have been slight and superficial improvements. But much more needs to be done before the Cuban people can truly be said to enjoy the rights guaranteed them by the Universal Declaration of Human Rights. I call upon other members of the Commission and all countries that value freedom to maintain pressure on the Cuban Government by continuing U.N. monitoring of the human rights situation in Cuba. The people of Cuba and oppressed people everywhere look to the U.N. as their last best hope. We must not disappoint them.

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479. Cuban Threat to Hemispheric Peace and Security

Statement by the Deputy Assistant Secretary of State for Inter-American Affairs (Kozak), August 2, 1989 (Extracts)[4]

. . . .

Since January 1, 1959, when Fidel Castro assumed power, bilateral relations between the United States and Cuba deteriorated sharply. This development can be attributed in part to the imposition of a rigorous dictatorship in Cuba and, in part, to a pattern of unacceptable international behavior on the part of the Cuban Government. Our principal concerns were and remain:

—Cuba's relationship with the Soviet Union;

—Cuba's support for terrorism and efforts to destabilize democratic governments, especially in this hemisphere; and

—Widespread human rights abuses and political repression within Cuba itself.

More recently, we have had serious differences with the Castro regime on narcotics. Let's look at these issues one at a time.

Since the early 1960s, relations between the Soviet Union and Cuba have been close. The relationship is mutually beneficial. Cuba gets critical economic and security assistance which both keeps its economy afloat and enables it to maintain one of the largest and best equipped military establishments in the Western Hemisphere. Approximately 15% of Cuba's population is militarized—either in the regular army or in the militia. Without Soviet help, Cuba's economy would probably collapse; without Soviet assistance, Cuba would not be able to project its power and influence to places like Central America and southern Africa. Soviet-bloc aid to Cuba exceeds $4 billion in economic aid and trade subsidies and $1.5 billion in military assistance annually, accounting for almost a quarter of the national product. The Soviet Union, in turn, receives important military, strategic, and political benefits. Let me give you some examples. Soviet aircraft and naval vessels make extensive use of Cuban facilities, while shipments of Soviet equipment destined for Central America are often routed through Cuba. In addition, the Soviets have installed the largest single intellegence gathering installation outside the Soviet Union in Cuba.

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[1] Source: *Weekly Compilation of Presidential Documents,* March 6, 1989, p. 258.

[2] Reference is to *Consideration of the Report of the Mission Which Took Place in Cuba in Accordance with Commission Decision 1988/106,* U.N. doc. E/CN.4/1989/46, February 21, 1989, and U.N. doc. E/CN.4/1989/46/corr.1, February 24, 1989.

[3] Reference is to Decision 1988/106; for text as adopted, see *Commission on Human Rights: Report on the Forty-fourth Session* (February 1–March 11, 1988), Economic and Social Council, Official Records, 1988, Supplement No. 2, U.N. doc. E/1988/12 (E/CN.4/1988/88), p. 168.

[4] Source: Department of State *Bulletin,* November 1989, pp. 75–79. Kozak made his statement before the Subcommittee on Western Hemisphere Affairs of the House Foreign Affairs Committee.

Although there are increasing signs that the Soviets are becoming disillusioned by wasteful Cuban economic policies and stubborn resistance to reform and would like very much to reduce assistance levels to Cuba, we do not believe cuts would be so severe as to endanger their special relationship with Cuba. The relationship will remain intact for the foreseeable future.

For several years now, Cuba has pursued a two-track policy toward its Western Hemisphere neighbors, seeking formal diplomatic ties and improved trade and cultural relations with existing governments while continuing support for radical political groups and violent subversive movements. Cuban support for violent groups has included military and intelligence training for cadres, supplying weapons, providing guidance and organizational support, and working to unite splintered opposition groups.

Over the years, Cuban support for antidemocratic groups has been evident in Central America, Colombia, Venezuela, Chile, and Cuba's Caribbean neighbors. For example, Cuba provides a wide range of support for the FMLN insurgency in El Salvador; the M–19 in Colombia, a terrorist group which itself has ties to trafficking organizations; and guerrilla groups in Guatemala. Cuba has close relations with and provides extensive military and economic assistance to the Sandinista regime in Nicaragua, which in turn provides matériel support to guerrillas throughout Central America.

Let me take a minute to focus on Central America. The nations of Central America have called on governments outside the region to stop supplying military assistance to insurgent or irregular groups. This is a central tenet of the Esquipulas agreement. The United States is in compliance with that request. Nicaragua and Cuba continue to flagrantly violate the Esquipulas agreement through the continued military support for the FMLN guerrillas in El Salvador. The recent discovery of a major insurgent weapons cache in San Salvador underscores the continuing commitment of Cuba and Nicaragua to support the guerrilla war in El Salvador. The cache—the largest ever captured by government forces—comprises a wide variety of modern Soviet-designed small arms (including 14 AK–47 and 329 AKM assault rifles, 10 antitank launchers, 90 rockets, 50 grenades, 115 pistols, and other military weaponry) and over a quarter million rounds of ammunition manufactured in Cuba as recently as 1988. The AKM and AK–47 ammunition found in the cache was of Cuban manufacture, stamped with "Cuban Ammunition Loading Factory 13."

The really disturbing dimension of the increased assistance to the FMLN from Cuba and Nicaragua is that with the provision of Soviet-bloc and North Korean weaponry, of which ammunition and replacements cannot be found inside El Salvador, the FMLN and their Nicaraguan and Cuban patrons show little intention of complying with Esquipulas. The FMLN also appears confident that the arms pipeline will continue regardless of longstanding commitments to end such support to guerrillas in the region.

Cuba has exploited the situation in Panama by increasing its presence there and by supporting the Noriega regime, thus exacerbating the Panamanian problem by propping up and encouraging Noriega. Castro uses the dispute to attempt to rally Latin solidarity against the United States. We know from testimony given during the Ochoa/De la Guardia trials in Cuba, for example, that several Ministry of Interior officials were cited in connection with money laundering and other covert activities in Panama, and that Panama was the venue for a number of officially sanctioned contacts with Colombian drug traffickers. We are in the process of adding to the designated Cuban nationals list additional names of Panamanian individuals and firms which act on behalf of Cuba. In a related action, we have initiated steps which would prohibit transactions with Panamanian individuals and firms which are supporting Gen. Noriega and the illegal regime.

The Cuban Government is one of the worst violators of human rights in this hemisphere. Since the 1959 revolution, Cuba, under Fidel Castro, has authorized political executions, torture, arbitrary arrests and imprisonment, and inhumane prison conditions. Cuban citizens have been denied the most basic democratic rights and processes in both political and judicial domains. They have been subjected to constant surveillance by block committees, denied basic freedoms and legal due process, and prevented from traveling abroad. Aryeh Neier of Americas Watch estimated last year that the number of prisoners held on political charges could range as high as 300, some of whom have been held in prison since shortly after Castro came to power. Other estimates, which include those jailed for religious beliefs or for attempting to leave the country without permission, range in the thousands. The Castro regime admitted in March of 1988 that 455 prisoners were being held for "crimes against state security," i.e., loosely defined political crimes.

In 1988 heavy international pressure was brought to bear in the Cuban regime through U.S. diplomatic efforts in international forums and by nongovernment groups, such as the Catholic Church, Red Cross, and Amnesty International. Last September's visit by a UN Human Rights Commission (UNHRC) working group also raised the international profile of Cuban human rights violations. In response the Cuban Government made temporary improvements in its human rights performance; but since the UNHRC visit, we find that abuse and repression continue to be the order of the day. Americas Watch reported last month that at least 22 Cuban human rights activists, who were arrested following the visit to Cuba last September of the UN group, are currently serving prison sentences or being held without trial. Many more were subject to harassment and intimidation or apprehended and subsequently released. And we have noticed that the number of visits by human rights groups to Cuba has declined markedly since the UN visit. The Cuban Government once again actively discourages such visits and diplomatic contacts with Cuban human rights activists.

Certainly, the recent Ochoa/De la Guardia scandal in Cuba raises questions in the human rights area. While we cannot condone drug trafficking by anyone and believe traffickers should be fully prosecuted, the specter of the Ochoa group being apprehended, interrogated, investigated, tried, sentenced, subjected to an appeals process, and executed, all within a matter of less than 1 month, suggests basic due process was denied.

Cuba lies astride some of the primary routes used by South American traffickers shipping their wares into the United States.[5] Witnesses at congressional hearings since 1982 have charged official Cuban involvement in drug trafficking. Indictments returned in 1982, 1988, and 1989, respectively, charged Cuban involvement in trafficking.

. . . .

Until very recently, Cuban authorities repeatedly denied any official or unofficial involvement in such activities. In a November 1985 interview, Fidel Castro claimed that on the drug issue "Cuba has had an unimpeachable record in the past 26 years. First, because of our country, where once there was drug use, production, and trafficking, the first thing we did was eradicate the problem . . . I know of not one case in which an official has been involved in the drug business."[6] As late as this spring, Cuban officials were telling us that Cuba was neither a consumer nor a producer nor a trafficker in drugs.

. . . .

The dramatic developments in Cuba during the past month have changed all of that. In an unprecedented move on June 16, the Cuban Government publicly admitted involvement by Cuban officials in the drug trade. The Cuban Government claimed Fidel Castro launched an investigation in part because of U.S. charges of drug trafficking by Cuban officials. Fourteen military officers were arrested. The list was headed by Armed Forces Gen. Arnaldo Ochoa and Ministry of Interior Col. Tony de la Guardia. Ochoa was an extremely popular and highly decorated officer who had headed Cuban forces in Angola and had been associated with the Castros as far back as the days before Castro took power in Havana.

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[5] Regarding Cuban involvement in narcotics traffic, see Documents 90 ff.

[6] Ellipsis in the source text.

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Two weeks of televised trials led to guilty verdicts for all and death sentences for Ochoa, De la Guardia, and two others. Appeals were denied in a matter of days, and the executions were carried out on July 13.

In response to severe provocation on the part of the Castro government and the specter of widespread executions by firing squads of those deemed enemies of the regime, the United States broke relations with the Castro government in January of 1961. Over the years since then, our relationship with Cuba has been characterized by the following key elements.

Absence of normal diplomatic relations. Although the interests sections established in 1977 provide a line of communication between our two governments, their existence does not constitute diplomatic recognition. Legally, we are represented in Havana by the Ambassador of Switzerland.

Diplomatic isolation. The policy of the United States has been to deny, to the extent possible, acceptance of Cuba as a member of the international community. Thus we have opposed Cuban membership in international organizations and discouraged normal economic and diplomatic relationships between Cuba and third countries.

Economic embargo. In effect, since 1962 under the authority of the Trading with the Enemy Act, a comprehensive embargo prohibits almost all transactions, including payments for travel services, and trade between persons subject to U.S. jurisdiction and Cuba or its nationals unless licensed under the Cuban Assets Control or Export Administration Regulations.[7]

Some say that our embargo policy has failed, given the survival of Fidel Castro's Communist regime. Such criticisms miss the point. Given Castro's ideological commitment to his vision of revolution, it is unlikely that economic sanctions alone will ever induce him to abandon his goals. What the embargo does is to deny Cuba opportunities to earn hard currency and acquire goods, thus limiting the resources available to the government to carry out policies inimical to U.S. interests. To put it in starker terms, every dollar that the embargo prevents Cuba from earning from an American tourist is a dollar that Cuba cannot spend to provide a rifle to overthrow a democratically elected government in our hemisphere.

Cuba's hard currency crisis, the growing reluctance of its trading partners and aid suppliers to further subsidize an economy failing under the weight of Marxist orthodoxy, and the government's desperate attempts to revive the tourist industry attest to the cumulative impact the embargo and Castro's economic policies have had on the availability of resources. Due in part to the embargo, Cuba is faced with harder economic choices than ever before. As long as Castro—with massive Soviet assistance, I would add—can finance both extensive social services and the export of revolution, he will do both. Our policy is to enforce the embargo, thereby forcing him to make the hard choices about the use of his limited resources. I refer you to the report on this issue submitted to Congress by the U.S. Trade Representative last November.

Radio and TV Marti. One of the characteristics of any authoritarian regime is a monopoly on information. The government seeks to control the media to assure that the people hear only what they are supposed to hear and nothing more. So it has been with Cuba. For over 25 years, officially controlled radio, television, and newspapers carefully censored the information diet of the Cuban population, denying them the facts about their own government's internal and external behavior. That changed in May of 1985, when Radio Marti went on the air for the first time with news and other programming for the Cuban people. Although many were skeptical at first, no one now can deny that Radio Marti is a success. Travelers to Cuba and recent immigrants report it is widely listened to throughout the island. We know also that competition from Radio Marti has forced the Government of Cuba to be more honest about what it tells its own people. I congratulate the men and women who have made Radio Marti a success over the years.

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[7] Reference is to Presidential Proclamation 3447, "Embargo on all Trade with Cuba," February 3, 1962; 76 Stat. 1446.

TV Marti is a logical follow-on to Radio Marti. Both Congress and the President have endorsed the concept. Television access to the Cuban people offers the potential for furthering the dramatic impact that Radio Marti has had on the lives of the Cuban people.

Exceptions to the rule. The strained relationship between Cuba and the United States during the past 30 years has not precluded, however, the possibility of cooperating and/or reaching agreement on specific issues of interest to the United States and Cuba as geographic neighbors. Examples include agreements or understandings on migration[8] and search and rescue and efforts to negotiate arrangements on radio interference. These are issues where specific U.S. interests can be furthered without compromising our basic political and security objectives. For example, since the November 1987 reimplementation of the Mariel Migration Agreement (which had been suspended by the Cubans in May of 1985 as a response to Radio Marti's startup), approximately 8,000 immigrants and refugees have departed Cuba for the United States. Another example is southern Africa. Starting in the 1970s, Cuba has intervened heavily in Africa. In total, more than 400,000 Cubans and massive quantities of military equipment were sent to Angola alone. Supported by Soviet advice and equipment, the Cuban Government became a major player in the region. In 1987 Cuban authorities signaled that they were prepared to participate in discussions leading to Cuban withdrawal from Angola and relinquishment of South African control over Namibia. U.S.-mediated negotiations resulted in the signing of an agreement among South Africa, Angola, and Cuba in December of 1988.[9] Under the agreement, Cuban troops are being withdrawn from Angola as scheduled.

We are skeptical about the intentions of the Cuban Government and its purported commitment to the war on drugs. If the Cuban Government was serious about combating drug trafficking, it would not be supplying military and political assistance to prop up the Noriega dictatorship in Panama. We do not know yet the true motivation behind the execution of Gen. Ochoa and others and find it highly improbable that extensive and high-level official Cuban involvement could have escaped the attention of the Cuban leadership only to be recently "discovered." Nevertheless, if for any reason Cuban policy in this area is changing, we would like to take advantage of it. We intend to do what we can to stimulate serious action by Cuba against serious drug trafficking. Interdicting drug trafficking is a very high priority for the United States. If we become convinced that the Cuban Government has had a change of heart and genuinely intends to stamp out trafficking by Cuban officials and citizens, we can consider mutually beneficial information exchanges. How can we know whether this has happened? Instead of just talking, the Cubans could begin acting like a country with a serious antidrug policy.

—They could stop propping up Panama's Noriega, an indicted drug dealer.

—They could respond vigorously to reports of air drops or other suspicious activities, as they have not done in the past.

—They could cause Cuban officials, mentioned in indictments, to come to the United States to stand trial or, failing that, take proper enforcement action of their own. This has not been the case; rather, at least one member of the tribunal that judged Ochoa and the other three officials executed by the Cuban Government is under indictment in the United States for drug trafficking.

—They could share with us the results of their investigations of Ochoa, De la Guardia, and others so that we could initiate parallel investigations in the United States, if warranted. After all, most if not all of the drugs in question were destined for the United States.

—They could stop dealing with the Medellin cartel.

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[8] Reference is to the Joint Communiqué on Immigration Matters, with Minute of Implementation, also known as the Mariel Migration Agreement, signed by the United States and Cuba at New York, December 14, 1984, entered into force upon signature; see *International Legal Materials*, Vol. 24, No. 1 (1985), pp. 34–37.

[9] Regarding the Angola–Namibia negotiations, including the bilateral agreement on the withdrawal of troops from Angola, see *American Foreign Policy: Current Documents, 1988*, pp. 622–649.

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We are interested in deeds, not words. To the extent operational coordination is required, the channels already exist in the communications between our air traffic authorities, our coast guards, and through our interest sections.

As indicated earlier in this presentation, U.S. policy is the result of an unacceptable pattern of domestic and international behavior on the part of the Cuban Government. This behavior continues, and as long as the Castro regime refuses to make concessions in areas of concern to us, relations cannot and should not improve. And the changes must be permanent ones. We have witnessed the superficial and temporary efforts on the part of the Cuban Government to improve the human rights situation in that country in 1988, only to resume their bad habits after the pressure was off.

The Government of the United States is not naive about the difficulty of making progress with Cuba. We recognize that issues not connected with national security and ideology are easier to solve, and we have made some headway on such issues. We have been willing to look at even the toughest problem with an open mind to see if we could bring about a change in Cuban behavior that would be advantageous to the United States. We are following our own agenda, whether we are broadcasting accurate information to Cuba on Radio Marti, raising Cuban human rights violations in the UNHRC in Geneva, or discussing problems whose resolution could benefit the American people.

One central fact remains: We still do not like what we see of the Cuban reality. U.S. policy is strongly influenced by tangible Cuban conduct, not merely assertions of good conduct. In Cuba one man exercises decisive control over his country's destiny, and he has never been a friend of the United States or of free men anywhere. He proved this again last week when, in a long harangue, he said that the United States has never been more threatening than now to Cuba. He understands better than anyone else exactly what kind of threat we pose. We threaten Castro because the United States represents what people can achieve, including the Cuban community in the United States, given freedom and opportunity. In contrast the Cuban revolution has impoverished and imprisoned the Cuban people.

As President Bush acknowledged on May 24 [*22*], and again on June 28,[10] our policy must remain a constant one until such time as Cuba begins to act as a responsible member of the international community instead of a threat to the peace and security of its neighbors.

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3. Dominican Republic

480. U.S. Foreign Assistance Program for the Dominican Republic

Prepared Statement by the Acting Assistant Administrator for Latin America and the Caribbean, Agency for International Development (Schieck), January 10, 1989 (Extracts)[1]

. . . .

AID development strategy is aimed at reactivating the economy and promoting sustained growth. The specific objectives of this strategy include: (1) near-term implementation of policy reforms in selected sectors such as energy and agriculture to improve the environment for sustained growth and development, (2) expanded private investment in industrial and agribusiness activities, (3) agricultural diversification and (4) wider sharing of the benefits of economic growth and a broader participation in the economy as a means of improving the living standards of the poor.

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[10] For text of President Bush's remarks, see *Weekly Compilation of Presidential Documents*, May 29, 1989, pp. 755–756.

[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 2, pp. 990–992. The hearings were before the Subcommittee on Foreign Operations, Export Financing, and Related Programs.

FY 1990 Program

For FY 1990 AID is proposing $20 million in Economic Support Funds (ESF), $16.4 million in Development Assistance (DA) and $24.4 in P.L. 480 commodities. ESF will support market-based, private sector solutions to critical bottlenecks, such as efficient electricity generation, and will provide balance-of-payments and local currency support for increased private sector participation in state-owned enterprises that the Government of the Dominican Republic has expressed interest in privatizing.

In addition to assuring a supply of essential food commodities at stable prices, the P.L. 480 Title I program[2] will complement the ESF program by reducing pressure on the balance of payments. Local currency generations will support agricultural diversification and promotion of nontraditional exports. Section 108 resources generated by previous P.L. 480 programs will provide critical term financing for agriculture-based private sector businesses.

AID will use P.L. 480 Title II commodities in collaboration with the Cooperative for American Relief Everywhere (CARE)–Dominicana in programs designed to reduce infant mortality and child death rates by providing food to low-income families with young children and pregnant and lactating mothers.

The DA program will continue to focus on projects and project-based policy dialog that directly strengthen the private sector's ability to increase its efficiency and output. This, in turn, will generate increased income and employment for skilled workers as well as for the poorest population groups.

Programs promoting agricultural diversification will continue. A new project will establish a cost-effective national agricultural and livestock data system. The data generated will assist producers, but more importantly, will encourage further policy dialog with accurate and timely statistics used in planning and implementing policy reforms.

Funding for population and health, including prevention of acquired immunodeficiency syndrome, will continue. A new primary education project will provide curriculum development, in-service training, equipment, and facilities to help meet other basic needs.

A new micro and small business project will strengthen private sector institutions providing support to small-scale enterprises in the informal sector. The micro and small business sector is a key element in AID's overall private-sector-led strategy for sustainable, long-term economic growth and for improving the overall quality of life for Dominicans through increased employment and income.

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[2] Reference is to the Agricultural Trade Development and Assistance Act, commonly known as P.L. 480, approved July 10, 1954. For text of Title I, as amended, which authorizes the President to arrange for the sale of agricultural commodities to friendly governments in exchange for local currencies, see 7 U.S.C. 1701 *et seq*. For text of Title II, as amended, which authorizes the President to furnish U.S. agricultural commodities to meet emergency food needs outside the United States, see 7 U.S.C. 1721–1726.

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4. Haiti

481. Haiti and U.S. Foreign Aid

Prepared Statement by the Acting Assistant Administrator for Latin America and the Caribbean, Agency for International Development (Schieck), January 10, 1989 (Extracts)[1]

. . . .

While most forms of assistance to the Government of Haiti remain prohibited,[2] thus restricting AID's role in financial stabilization and economic policy dialog, the United States continues its core development assistance strategy in Haiti through private voluntary (PVOs) and nongovernmental organizations. The core program concentrates on four strategic objectives: Increasing sustainable agricultural production; increasing health, child survival and family planning services; strengthening the private sector; and expanding basic education and management training.

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[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 2, pp. 1006, 1008.

[2] The United States terminated all direct assistance to Haiti immediately after the November 29, 1987, aborted Haitian elections; only humanitarian aid continued, channeled through PVOs and NGOs.

. . . .

FY 1990 Program

In FY 1990, AID is requesting $28 million in Development Assistance and $13.4 million in P.L. 480 Title II food to sustain the core programs that meet critical needs of the Haitian people.

A new FY 1989 Urban Health Services project will expand oral rehydration therapy and immunization services to three additional urban centers and will include an information, education, and communications activity to increase public awareness of acquired immunodeficiency syndrome (AIDS). The network for tree seedling production and distribution will have distributed by FY 1990 over 50 million trees to about 200,000 farmers. Private sector credit institutions will be meeting their development objectives and moving toward self-sustainability. The Management and Productivity Center will be an independent, self-sustaining entity by 1991. By 1990, about 60,000 private primary school students in 200 schools will reach basic literacy as a result of the basic education program.

In addition to funding ongoing programs, in FY 1990, AID will begin the National Program for Agroforestry, a 5-year project to extend sustainable agricultural production systems to small farmers.

P.L. 480 Title II food is an important complement to each segment of the core program. Administered by three PVOs, P.L. 480 resources are concentrated on school feeding, maternal and child health, and community development activities. AID recently collaborated with the Cooperative for American Relief Everywhere (CARE) to develop an innovative Title II monetization proposal which will help to assure the sustainability of the program.

In addition, AID will work closely with Congress on ways to support a transition to democracy in Haiti. These may include activities such as grants to local organizations to develop democratic networks or conduct civic education (as was done in FY 1988), and a policy of relating U.S. assistance to the Haitian Government to its progress in establishing a democratically elected civilian government and enacting economic reforms.

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482. U.S. Resumption of Economic Aid to Haiti

Statement Issued by the Agency for International Development, August 4, 1989[5]

The Governments of the United States and Haiti yesterday signed an agreement granting Haiti $10 million in U.S. food aid, the U.S. Agency for International Development (USAID) announced today.

Except for antinarcotics and disaster assistance following Hurricane Gilbert in 1988, the agreement represents the first direct U.S. economic aid to the Haitian Government since the failed elections of November 1987. Humanitarian aid to the Haitian people through nongovernmental organizations has continued.

Under terms of the Food for Peace agreement signed in the Haitian capital of Port-au-Prince, the Government of Haiti will receive approximately 45,000 metric tons of U.S. wheat, which it will sell on the local market. Proceeds from the wheat's sale will then be used to finance jointly agreed upon development projects.

The aid will finance a number of labor-intensive projects, including construction and repair of roads, improvement of public health services, small business development, literacy, food production, and rehabilitation of irrigation systems.

Congress approved the new aid in recognition of continuing progress by the interim government of Gen. Prosper Avril toward free elections and the establishment of an elected civilian government, and cooperation with the United States in narcotics interdiction efforts.

The agreement was signed for the United States by Gerald Zarr, director of the USAID mission in Haiti.

The $10 million includes the wheat's shipping costs. Delivery of the wheat is expected in August and September.

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[5] Source: Agency for International Development Press Release No. 42, August 4, 1989.

5. Jamaica

483. Economic Assistance for Jamaica

Prepared Statement by the Acting Assistant Administrator for Latin America and the Caribbean, Agency for International Development (Schieck), January 10, 1989 (Extracts)[1]

. . . .

As Jamaica enters the 1990s, AID's macroeconomic strategy is to assist the GOJ in solidifying the gains already made from stabilization and structural adjustment, and ensuring that the derived benefits are spread through the populace as a whole. AID's program focuses on economic stabilization, structural reforms necessary for long-term growth, spreading the benefits of growth, and strengthening democratic institutions. In both the economic and social sense, the strategy and program meet established AID goals. Along with the IMF and World Bank, AID has been supporting the GOJ's economic stabilization efforts by providing balance-of-payments assistance.

. . . .

FY 1990 Program

AID is proposing $16 million in DA, $25 million in ESF and $30 million in P.L. 480, Title I. Although reconstruction activities[2] will continue into FY 1990, the regular program will also continue, albeit at a somewhat reduced pace. In FY 1990, the regular program will again be focused upon the long-range goals of economic growth, social equity, and democratic institutions.

The ESF program will continue support of macroeconomic policy reforms, including those required for reduced fiscal deficits, less disruptive tax systems, and an improved ambiance for private sector activity.

The P.L. 480, Title I program will assure a supply of essential food commodities at stable prices, complement the ESF program by reducing pressure on the balance of payments and, through its self-help measures, help achieve policy reforms and institution of policy objectives to increase agricultural production. The local currencies generated will support agricultural development.

AID's DA program in FY 1990 will feature revised initiatives in the agriculture sector, centering on development of institutions vital to reestablishment and expansion of the sector. Agriculture research and education will be supported as well as expansion of irrigation networks. Credit through the P.L. 480 Section 108 program will be provided, along with technical assistance and training for tree crop producers under the Hillside Agriculture project. In the education sector, the Jamaican educational system suffers from a high dropout rate. Relevant skills training programs are in short supply. AID supports basic education activities in the provision of textbooks and other needed supplies. The FY 1990 Technical/Vocational Training project aims at improving selected, secondary-level institutions which provide skills training. In health, AID supports AIDS prevention and control. The Health Sector Initiatives project aims at improving GOJ efficiency in the delivery of basic health care services and at working with the private sector in providing care. Family planning is supported under AID's Population and Family Planning Services project. In FY 1989 and 1990, the PTIIC program targets special groups such as low income skilled workers, women, rural youth with leadership potential, teachers, and managers. In addition, a $5 million Housing Guarantee Program is planned for FY 1990.

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[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990*, Part 2, pp. 1020, 1022.

[2] In September 1988 Hurricane Gilbert, the biggest storm ever recorded in the Western Hemisphere, struck the Caribbean and Mexico. Jamaica's economy suffered the most, with estimates of damage ranging between $1 and 1.5 billion.

E. South America

1. Regional Policy

484. Andean Region Trade Initiatives

Statement by President Bush, November 1, 1989[1]

When President Barco of Colombia visited me September 28, I promised to examine what the United States could do to expand economic cooperation between our two countries. I directed the United States Trade Representative, Carla Hills, to lead a U.S. Government interagency effort to develop a package of trade initiatives that will contribute to the administration's war on drugs.

Today I am announcing the result of that effort. The package of trade initiatives described below is designed to create opportunities for expanded trade and investment between the countries of the Andean region and the United States. Given the regional nature of the drug problem, I have decided to offer these trade initiatives to the countries in the Andean region. In creating such opportunities, this package aims to encourage and support fundamental economic reform in the countries of the region on the basis of market-driven policies.

I believe that through increased trade we can make a contribution to the creation of economic alternatives to drug trafficking. Healthy economies are the only lasting solution for eliminating the drug trade and substituting legitimate trade. They also offer the potential for increased United States exports and investment. Our goal must be to help create an environment where entrepreneurship can flourish and comparative advantages can be successfully pursued in competitive world markets.

With regard to bilateral and regional initiatives, we are prepared to:

—do all that we can to enhance the benefits the countries of the region enjoy under our Generalized System of Preferences, including a review, to begin immediately, to consider the addition of new products, both agricultural and industrial, to the program;

—undertake appropriate technical assistance to help the Andean countries improve their trade performance in industrial as well as agricultural products and urge the multilateral institutions to do the same; and

—after consulting with the affected parties, explore possibilities for expanding textiles trade consistent with current U.S. Government policies and programs and the multifiber arrangement.

In the multilateral arena we are proposing to:

—build on the political consensus to negotiate a new international coffee agreement that corrects the fundamental problems with the previous agreement;

—undertake an accelerated negotiation on tariffs and nontariff measures with participants in the Uruguay round;

—consult with our major trading partners (Canada, the EC, and Japan) to determine areas in which we can help the Andean countries improve their trade performance; and

—support the multilateral development banks in their efforts to work with the Andean countries to promote meaningful trade policy reforms in the Andean countries.

In order to ensure that these initiatives are implemented quickly and efficiently, the Office of the United States Trade Representative is heading up an interagency Andean Trade Task Force to manage the process and to consider additional ideas for strengthening our cooperation with the Andean countries.

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[1] Source: *Weekly Compilation of Presidential Documents*, November 6, 1989, pp. 1659–1660. The White House Fact Sheet on Andean Region Trade Initiatives, November 1, 1989, is printed *ibid.*, p. 1660.

2. Argentina

485. Carlos Menem's Election as President of Argentina

Statement Read by the Department of State Acting Spokesman (Boucher), May 15, 1989[1]

We congratulate the people of Argentina and their leaders for the demonstration of democracy at work which just took place in their elections. We also congratulate Dr. Carlos Menem for his apparent victory.

Argentina's election for President and members of congress yesterday was an example of civic responsibility and democratic values. These elections took place in an atmosphere of free and open debate and under procedures in accord with the Argentine Constitution. The United States looks forward to continuing good relations, based on mutual respect and constructive dialog, with the Government of Argentina in the transition period and with the new government when it is inaugurated.[2]

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486. Meeting of President Menem With President Bush

Statement by the President's Press Secretary (Fitzwater), September 27, 1989[3]

The President met with President Menem of Argentina in the Oval Office for approximately 45 minutes. The President noted President Menem's determination in dealing with Argentina's economic crisis and stated U.S. support for his program.[4] They discussed the Government of Argentina's overtures to normalize relations with the United Kingdom. The President stated that the United States is pleased that two of our friends are engaged in a direct dialog and expressed the hope that this process will lead to full normalization of relations in the near future.

The two Presidents discussed the drug problem and underscored a mutual desire in combating the drug scourge.[5] They also discussed the situation in Panama and the urgent need for a return to full democracy. The President noted that the United States shares with the people of Argentina a strong desire for freedom and democracy and expressed the hope that this visit will strengthen even further the close bond between our two countries.

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3. Brazil

487. Conservation of Brazil's Rain Forest

Statement by the Secretary of the Treasury (Brady), April 17, 1989 (Extract)[1]

. . . .

QUESTION. Over the past 2 years, the burning of tropical forest in Brazil, where a very large proportion of the remaining tropical forests are located, has been steadily increasing, to a degree that has surprised the experts. Satellite monitoring indicates that perhaps 50,000 to 80,000 square kilometers of closed forest were burned. This puts enormous quantities of greenhouse emissions into the atmosphere, as well as destroying biological diversity at a rapid rate. What, if anything, can the MDBs be encouraged to do to carry out projects that will mitigate this destruction? What kind of agricultural development loans are in the works that might provide alternatives to the burning of forest and reburning of vegetation in the practice of agriculture on these often very poor soils? Is better conservation in the tropical forest part of any structural adjustment lending by any of the MDBs?

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[1] Source: Department of State *Bulletin*, July 1989, p. 68. This statement was read at the Department of State Daily Press Briefing which began at 12:40 p.m.

[2] President Menem was inaugurated on July 8, 1989, 5 months and 2 days ahead of schedule, following the resignation of President Alfonsín on the same day, because of the Argentine economic crisis.

[3] Source: *Weekly Compilation of Presidential Documents*, October 2, 1989, p. 1454. President Menem met with President Bush during a private visit to the United States.

[4] On May 29, the Argentine Government declared a 30-day state of siege to deal with looting which broke out after President Alfonsín announced a stringent emergency economic plan on May 28.

[5] The two governments earlier expressed this mutual desire with the signing of the Cooperation Agreement for Reducing Demand, Preventing Abuse, and Combatting Illicit Production and Traffic of Drugs and Psychotropic Substances, signed at Buenos Aires, May 24, 1989, and entered into force upon signature.

[1] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Congress, First Session* (Washington, 1989), Part 5, pp. 868–869. David R. Obey, Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, submitted the written questions on April 17 following Brady's testimony.

Answer. The MDBs should be providing funding for more specific programs to improve the management of natural forest areas and to develop strategies for sustainable use of these resources and for eliminating or mitigating some of the worst abuses. The World Bank has undertaken to finance this type of work in some of its borrowing countries, including Indonesia. Clearly, one of the objectives of agricultural development should be to provide realistic alternatives to people who burn tropical forests or reburn vegetation. The World Bank's first sectoral adjustment loan to Brazil of electric power did, in fact, contain some elements that encouraged conservation of forests. In our view, it did not go far enough and we voted against the loan for that reason among others. The World Bank's Carajas Iron Ore project in Brazil also contained some provisions related to protection of forest areas although subsequent examination has indicated that monitoring of the implementation of the provisions was not satisfactory. The IDB suspended disbursements on a road loan in Brazil because of lack of compliance with provisions in the loan document regarding a master plan for a forested area.

Question. To what extent is the heavy debt burden in Brazil and other tropical forest countries creating an incentive to clear forests for other commodity-producing activities?

Answer. Certainly, tropical rain forests have been exploited in recent years in order to generate foreign exchange. A large number of cases have been identified where trees have been cut down to clear land for pasturage, and other agricultural uses that are not sustainable over the longer term or even for more than a few years. Cases have been observed of land being over-grazed in sloping areas where serious erosion has resulted and the watershed itself has been damaged. However, there are other factors that have been critical as well, including pressing needs for housing materials in some countries and social needs such as additional agricultural land for landless individuals. Spontaneous migration of these people has clearly been a factor in some cases. What is needed is a balancing among these conflicting needs and perhaps, very importantly, innovative ways to involve landless people in programs that will protect such areas over the longer term and enable development to take place on a sustainable basis.

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488. U.S. Views on Brazil's Debt Situation

Press Conference by President Bush, San José, Costa Rica, October 28, 1989 (Extract)[2]

. . . .

Q. Mr. President, President Sarney of Brazil—he is frustrated with the relations between the United States and Latin America: that Latin America is not a priority for the United States and that democracy without proper economic life is not enough.

The President. He's got a good point on that.

Q. Aside from Panama, do you have an announcement to make to Latin America—a positive announcement?

The President. Yes. You know, I didn't detect that high level of frustration on President Sarney's point. He made a very strong and very emotional appeal on the debt question. And I can understand that. And we are trying to work with him.

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[2] Source: *Weekly Compilation of Presidential Documents*, November 6, 1989, pp. 1634–1635. President Bush's 26th press conference began at 9:14 a.m. in the Convention Hall at the Hotel Cariari. He visited San José October 27–28 to attend the centennial celebration of Costa Rican democracy and to meet with Western Hemisphere leaders.

The one theme I detected through this meeting was strong support for the Brady plan and the fact that we have moved. . . .

But I sensed an urgency by President Sarney. I can identify with it, and we do want to be helpful. I had a chance to talk with him last night. I think he's very pleased we came. I think he was very pleased we are not, in the United States or, indeed, Canada, neglecting our friends in this hemisphere. So, I left with a pretty upbeat feeling, not a diminished feeling of the importance of his problem but in terms of the hemispheric solidarity, you might say. But your having phrased the question that way, I want to be sure we're not missing a signal with him.

He's going out of office next year. He has done a good job under extraordinarily difficult times. I went to his inauguration, and I don't think anybody ever came into office in any country under more difficult times. So, I would salute him and say if he's frustrated about the debt I can understand it. But I'm not going to let that—nor should he—in any way interfere with what I think are improving relations with Brazil. Look over our shoulders, and it wasn't long ago that Brazil did not have the democracy that President Sarney has tried to perfect, even in spite of enormously difficult economic times.

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489. Brazil's "Fair, Open and Peaceful" Presidential Election

Statement Issued by the Department of State, December 20, 1989[5]

On December 17, the people of Brazil chose as their next President Fernando Collor de Mello in a fair, open and peaceful electoral process.[4] The event, Brazil's first direct Presidential election in 29 years, was a celebration of democracy. It is the latest manifestation of a truly impressive wave of orderly and democratic elections this year throughout Latin America.

More that 70 million Brazilians voted, the third largest number of voters of any democratic country. In doing so, the Brazilian people have given a testimony of their dedication to open elections and have reaffirmed Brazil's position among the free nations of the world.

The Government of the United States congratulates the Brazilian people on this historic occasion and wishes Brazil and its President-elect well. We look forward to working productively with President-elect Collor and his new administration in the interests of both of our nations.

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4. Chile

490. U.S. Request for Investigation of the Letelier/Moffitt Case

Daily Press Briefing by the Department of State Spokesman (Redman), January 24, 1989 (Extracts)[1]

. . . .

Q. Do you have anything on Chile concerning a new approach to the Letelier case?

. . . .

A. . . . On January 12, the United States presented the Government of Chile with a diplomatic note invoking a bilateral treaty for the settlement of disputes signed by the two nations in 1914.[2] This treaty establishes an international commission of five persons to investigate disputes arising between Chile and the United States which could not be resolved by diplomatic methods.

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[5] Source: Department of State files. This statement was made available to reporters by Department of State Spokesman Tutwiler.

[4] In the first round of Brazil's Presidential election on November 15, no candidate received an absolute majority, necessitating a runoff election between the two leading candidates.

[1] Source: Office of Press Relations, Department of State. The briefing began at 12:20 p.m.

[2] Treaty for Settlement of Disputes That May Occur Between the United States of America and *(continued)*

The United States has invoked the treaty to request that the Commission investigate and report upon the facts surrounding the deaths of Orlando Letelier and Ronni Moffitt in Washington, D.C., on September 21, 1976, including the involvement of Chilean Government officials in those deaths, and to investigate and report upon subsequent investigations by the Government of Chile into the matter.

We are taking this step because we have exhausted other diplomatic means in obtaining the cooperation of the Chilean Government in resolving the Letelier/Moffitt case, which unfortunately has been a point of discord in our bilateral relations with Chile for many years. We believe that this treaty process provides an excellent and neutral means for pursuing justice in the case and resolving the differences between the United States and Chile that relate to the case.

The U.S. Government will, therefore, render all possible assistance to the Commission in carrying out its responsibilities, and we expect and trust that the Government of Chile will do the same.

Just so you know, that Commission is a five-member commission: one U.S. citizen; one noncitizen appointed by the United States; a Chilean citizen; one noncitizen appointed by Chile; and a fifth member chosen by agreement between the two governments to serve as President.

Q. Has the United States received any response from the Government of Chile to this initiative?

A. This is something that just happened. The Commission is there; there's an established procedure.[3]

. . . .

491. Tampered Chilean Fruit Exports to the United States

Joint Statement by Secretary of State Baker and Foreign Minister Errazuriz, March 16, 1989[4]

Secretary Baker met this morning with Chilean Foreign Minister Hernan Felipe Errazuriz and with Agriculture Minister Jaime de la Sotta to discuss the difficult situation currently affecting Chilean fruit exports to the United States and elsewhere.[5] Recognizing the danger to the Chilean economy and the need to protect the safety of consumers, Secretary Baker and his Chilean guests agreed that the two countries would continue to work together closely on an urgent basis to resolve this problem.

In particular, Secretary Baker thanked the Foreign Minister for the impressive cooperation and understanding the United States has received from the Government of Chile and from all those involved in the Chilean fruit industry. The Chilean ministers, in turn, expressed deep concern for the damage already suffered by Chile and emphasized the need for swift action to avoid further economic and social costs. In this regard, they alluded to the heavy financial losses already incurred and especially to the fact that about 200,000 Chilean workers and their families face unemployment and even destitution. Secretary Baker responded that the United States shared concern over the damage being suffered in Chile. He also noted that U.S. industry and consumers were being harmed as a consequence of the despicable act of those responsible for the poisoning of the fruit.

The two sides reviewed the cooperative efforts being taken by the Food and Drug Administration (FDA), the Chilean authorities, and others with an active role in fruit exports and imports. The goal of these interdependent efforts is to swiftly

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Chile, signed at Washington July 24, 1914, entered into force January 19, 1916; see *Treaties and Other International Agreements of the United States of America, 1776–1949*, compiled by Charles I. Bevans, Vol. 6, pp. 550–552.

[3] In a communiqué, January 24, the Chilean Government stated that it was studying its response.

[4] Source: Department of State *Bulletin*, May 1989, p. 85.

[5] On March 2 and 9, the Embassy in Santiago received anonymous telephone calls warning that Chilean fruit exports to the United States had been poisoned. On March 12, two Chilean grapes in Philadelphia were found to contain cyanide. The Food and Drug Administration banned the sale of Chilean fruit in the United States on March 14.

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return the situation to normal in a manner which serves the important interests of both the producers and consumers in reestablishing the safety and reliability of food trade. Secretary Baker and the two Chilean ministers expressed satisfaction that a team of experts from the FDA would travel to Santiago immediately to offer their services to their Chilean counterparts.[6]

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492. New Agreements "To Increase and Improve Bilateral Trade Relations"

Joint Statement by Secretary of State Baker and Foreign Minister Errazuriz, New York, September 27, 1989[7]

The Governments of Chile and the United States have today signed an air transport agreement between the two countries.[8] This agreement, replacing an earlier one,[9] is a concrete demonstration of the efforts and interest of the two governments to increase and improve bilateral trade relations. In the context of growing and healthy commerce between the two countries, this agreement is a tool to encourage that trade and make it even more dynamic.

In a parallel manner, the two governments are moving toward agreement on a memorandum of understanding to guarantee easier and more secure commerce in perishable products, fresh fruit in particular. Both governments have given decisive support to this initiative and expect to see it signed in a short time.[10]

---

493. "Free and Honest" Elections in Chile

Statement Issued by the Department of State, December 15, 1989[11]

We congratulate the Government and people of Chile for the free and honest Presidential and congressional elections that were held yesterday, marking the return to Chile's longstanding democratic tradition after 16 years of military rule. The high voter turnout and the orderly and peaceful way in which the elections were carried out testify to the strong desire of the Chilean people to freely elect their political leadership. We congratulate not only the winners of these elections but all political parties, candidates, and citizens, which through their participation contributed to the success of these historic elections. The restoration of Chilean democracy is a major step forward toward building the world's first democratic hemisphere. The U.S. Government looks forward to working closely with the government of Patricio Aylwin as it seeks to further consolidate Chilean democracy and sustain economic growth for all Chileans.

---

[6] The Food and Drug Administration lifted the ban on sale of Chilean fruit, except melons, within 5–9 days from March 17. For text of Secretary Baker's statement of March 29, endorsing the resumption of Chilean fruit sales, see Department of State *Bulletin*, May 1989, p. 85.

[7] Source: Department of State files. Baker was in New York September 26–29 to attend the U.N. General Assembly and to meet with foreign ministers. He met with Foreign Minister Errazuriz in the Bilateral Suite, Waldorf-Astoria Hotel, at 4:30 p.m.

[8] Air Transport Agreement With Annexes, signed at New York September 27, 1989.

[9] Air Transport Agreement With Exchange of Notes, signed at Santiago May 10, 1947, entered into force December 30, 1948; see *Treaties and Other International Agreements of the United States, 1776–1949*, Vol. 6, pp. 626–636.

[10] A Memorandum of Understanding Regarding Cooperation in Establishing and Implementing Emergency Procedures To Ensure the Safety of Fresh Fruit Exported to the U.S. From Chile, signed at Washington October 27, 1989, entered into force upon signature.

[11] Source: Department of State files. This statement was made available to reporters by Department of State Deputy Spokesman Richard A. Boucher.

5. Paraguay

494. Overthrow of General Alfredo Stroessner in Paraguay

Daily Press Briefing by the Department of State Spokesman (Redman), February 3, 1989 (Extracts)[1]

. . . .

Q. Do you have anything interesting on Paraguay?

. . . .

A. . . . In terms of the facts, I'll give you a brief sketch of what we know. I believe I have seen most of this through your own reporting as well.

General Andres Rodriguez has led a military uprising and has taken control of Asuncion. The fighting stopped at about 4:30 a.m. local time—that's 2:30 Eastern. There are reports that the Presidential Escort Regiment and President Stroessner surrendered at that time to General Andres Rodriguez. Stroessner is apparently being held under house arrest. We have eyewitness reports that many soldiers and a few civilians were killed in the fighting, but we don't have an accurate estimate.

According to a bulletin broadcast on Asuncion radio stations, General Rodriguez will be sworn in as Provisional President of Paraguay at 6 p.m.—that's 4 p.m. Eastern.

Concerning American Embassy personnel and American citizens, all of the official American citizens are accounted for and unharmed. Our Embassy in Asuncion has been in contact by phone with many of the approximately 1,800 U.S. citizens living in Asuncion, and there are no reports of any injuries.

Concerning any reaction to the events, I would only say that we have noted that General Rodriguez in his initial broadcasts stated that he led this uprising "for the initiation of democratization in Paraguay and for the respect of human rights." We would welcome any genuine movement toward a more democratic form of government of that country.

. . . .

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495. Insignificant Irregularities in Paraguayan Elections

Press Briefing by the President's Deputy Press Secretary (Cooper), May 2, 1989 (Extracts)[2]

. . . .

Q. The President praised the Paraguayan elections,[3] but opposition parties there are claiming fraud. Do you have evidence that there was not fraud?

Mr. Cooper. Do we have evidence that there is not fraud?

Q. Are you satisfied that the elections were free and fair in Paraguay?

. . . .

Mr. Cooper. . . . Preliminary results indicate that General Rodriguez won over 70 percent of the vote as the Colorado Party candidate for President. In the vote for congressional seats, it appears that the Colorado Party won a slightly smaller proportion of the vote. With over 1 million votes counted, Mr. Domingo Laino won about . . . .

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[1] Source: Office of Press Relations, Department of State. The briefing began at 12:03 p.m. U.S. Ambassador Timothy L. Towell met with Paraguayan Foreign Minister Luis Maria Argana February 9 and expressed the importance that the United States attaches to the key issues of democratization, human rights, and narcotics control. (Department of State Daily Press Briefing, February 10, 1989; Office of Press Relations, Department of State)

[2] Source: Office of the Press Secretary to the President. The briefing began at 12:06 p.m. in the Briefing Room of the White House.

[3] Reference is to President Bush's remarks to the Council of the Americas, May 2, 1989; see Document 434.

. . . .

Mr. Cooper. . . . 20 percent of the votes for President. The final vote count by the electoral tribunal in Asuncion . . . is continuing today. Regarding the charges of irregularities, our Embassy and international election observers did see several instances of questionable but not illegal procedures. There were also adminstrative problems. However, we have not detected a pattern of centrally directed fraud. The number—the small number of votes affected by these irregularities would not make a significant difference in the overall election results. That's pretty good, actually.

. . . .

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6. Venezuela

496. Suspension of Payment on Venezuelan International Debt

Press Briefing by the President's Press Secretary (Fitzwater), March 3, 1989 (Extract)[1]

. . . .

Q. Does the President have any reaction to the decision this morning by Venezuela to stop all payments on its—interest payments on its $30 billion international debt?

Mr. Fitzwater. We don't have any specific reaction to that. Secretary Brady of the Treasury Department is considering the funding problem. And his people are doing the appropriate analysis and so forth, but we don't have a comment at this time.

President Bush this morning did call Venezuelan President Perez. He expressed his concern for the recent difficulties in Venezuela.[2] He reiterated U.S. support for their democracy and for President Perez's courageous and determined efforts to address his country's economic and financial situation.

So we did express personal support this morning. And we're analyzing the financial aspects of it now.

Q. Did he discuss the financial aspects with the President at all?

Mr. Fitzwater. Only in a general sense of saying we would take a look at the situation and analyze it, but no commitments.

Q. But he was aware of the interest payment decision when he called Perez?

Mr. Fitzwater. Yes, the President's aware of everything. (Laughter.)

. . . .

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497. Short-Term Bridge Loan for Venezuela

Statement Issued by the Department of the Treasury, March 13, 1989[3]

The U.S. Treasury Department welcomes Venezuela's intention to address its economic and financial situation in a courageous and decisive manner.

We believe that President Perez' economic program can provide a basis for sustained economic growth, fiscal consolidation, and effective debt management.

At the request of the Venezuelan authorities, and in recognition of the quality of their economic and financial adjustment efforts, the U.S. Treasury has agreed to provide a short-term bridge loan of $450 million.[4]

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[1] Source: Office of the Press Secretary to the President. The briefing began at 12:50 p.m. in the Briefing Room of the White House.

[2] On February 27, riots broke out in Venezuela following an increase in gasoline prices and bus fares that were part of an economic reform program instituted by President Pérez on February 16. It was estimated that 300 persons were killed and over 2,000 injured in the quelling of the riots by Venezuelan Government forces.

[3] Source: *Treasury News*, Department of the Treasury, March 13, 1989.

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498. Venezuela Riots: A Political Price for Economic Reform

Statement by Secretary of State Baker, March 14, 1989 (Extract)[5]

. . . .

Mr. Coleman. . . . We were totally unaware of what was going to happen in Venezuela. A reasonably good theory might have predicted the problem. I am asking, in your position, especially now that you are Secretary, is it your general responsibility of trying to temper, and define what would have been our prior role and that of Secretary Brady. I understand the support for economic reforms. Yet nonetheless, there is a political price to pay for those economic reforms.

Secretary Baker. There is quite frequently, Mr. Coleman, a political price to pay. That has to be taken into consideration when you are dealing with these countries with respect to their reform programs. It was always my view at Treasury that the countries themselves are the best judge of what the political system will bear, and how they should implement reforms.

Of course, the reforms themselves are agreed to between the countries and the International Monetary Fund, generally speaking, sometimes the World Bank; not between those countries and the United States; but between those countries and the International Monetary Fund.

But clearly, there is a situation where, in attempting to exercise or effectuate the reforms which were a part of their stand-by agreement with the International Monetary Fund,[6] they evoked a public response that was very damaging.

. . . .

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499. President Bush's Meeting With President Pérez

Statement by the President's Press Secretary (Fitzwater), April 1, 1989[7]

President Bush this morning had breakfast in the Residence with Venezuelan President Carlos Andrés Pérez. The breakfast and meeting focused on the Venezuelan debt situation. President Pérez described the economic reforms being undertaken in Venezuela. President Bush encouraged President Pérez to continue those reforms. The two leaders also discussed the situation in Central America and the new United States bipartisan agreement.[8] President Bush emphasized keeping diplomatic pressure on the Sandinistas, and he asked for Venezuelan support in that effort.

The breakfast and meeting began at 8 a.m. and lasted approximately 90 minutes. Participating on the U.S. side were the President, Vice President Quayle, Secretary of State James Baker, Secretary of the Treasury Nicholas Brady, Chief of Staff John Sununu, national security adviser Brent Scowcroft, and Bernard Aronson, Assistant Secretary of State-designate for Latin American and Caribbean Affairs, and Robert Pasterino from the National Security Council staff. Participating from the Venezuelan side were President Pérez, Foreign Minister Enrique Tejera-Paris,

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[4] Swap Agreement Between the United States Treasury and the Central Bank/Government of Venezuela, With Related Letter, signed at Washington and Caracas March 10, 1989, entered into force upon signature.

[5] Source: *Foreign Operations, Export Financing, and Related Programs Appropriations for 1990: Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, One Hundred First Session* (Washington, 1989), Part 5, p. 447. Chairman of the Subcommittee on Foreign Operations, Export Financing, and Related Programs, David R. Obey, presided over the session.

[6] Reference presumably is to the letter of intent signed by Venezuelan Finance Minister Eglée Iturbe de Blanco at the International Monetary Fund, February 28, 1989, agreeing to the conditions for International Monetary Fund support.

[7] Source: *Weekly Compilation of Presidential Documents*, April 10, 1989, p. 465. President Pérez was in the United States to attend the Consultation on a New Hemispheric Agenda at the Carter Presidential Center in Atlanta. On the flight from Atlanta to Washington, March 30, he met with Secretary Baker.

[8] For text of the Bipartisan Accord on Central America, March 24, 1989, see Document 447.

Minister of Planning Míguel Rodriguez, Chief of Staff Reinaldo Figueredo, Ambassador to the United States Valentín Hernández, and Ambassador-designate to the United States Simón Alberto Consalvi.

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